

Thanachart Bank Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 December 2013

Independent Auditor's Report

To the Shareholders of Thanachart Bank Public Company Limited

I have audited the accompanying consolidated financial statements of Thanachart Bank Public Company Limited and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2013, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statements of Thanachart Bank Public Company Limited for the same period.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Thanachart Bank Public Company Limited and its subsidiaries and of Thanachart Bank Public Company Limited as at 31 December 2013, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

Emphasis of matter

I draw attention to Note 3 to the financial statements regarding the change in accounting policy due to the adoption of Thai Accounting Standard 12 Income Taxes. The Bank has restated the consolidated and separate financial statements for the year ended 31 December 2012, presented herein as comparative information, to reflect the adjustment resulting from such change.

The Bank has also presented the consolidated and separate statements of financial position as at 1 January 2012 as comparative information, using the same accounting policy for income taxes. My opinion is not qualified in respect of this matter.

Ratana Jala

Certified Public Accountant (Thailand) No. 3734

Ernst & Young Office Limited

Bangkok: 20 February 2014

Thanachart Bank Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2013

(Unit: Thousand Baht)

Consolidated financial statements			
	31 December	31 December	1 January
Note	2013	2012	2012
		(Restated)	
Assets			
Cash	17,940,109	15,181,402	16,005,678
Interbank and money market items - net	7 69,697,056	71,963,238	63,201,206
Derivatives assets	8 3,913,805	2,176,536	1,536,490
Investments - net	9 138,825,014	146,106,487	148,344,800
Investments in subsidiary and associated companies - net	10 1,834,705	1,575,798	1,387,014
Loans to customers and accrued interest receivables	11		
Loans to customers	852,017,050	812,211,277	675,021,253
Accrued interest receivables	1,009,123	1,065,745	962,799
Total loans to customers and accrued interest receivables	853,026,173	813,277,022	675,984,052
Less: Deferred revenue	(61,999,696)	(58,148,129)	(39,801,128)
Allowance for doubtful accounts	12 (29,782,135)	(23,774,973)	(25,897,903)
Revaluation allowance for debt restructuring	13 (301,192)	(344,196)	(381,719)
Net loans to customers and accrued interest receivables	760,943,150	731,009,724	609,903,302
Customers' liability under acceptances	30,330	41,489	90,531
Property foreclosed - net	15 6,291,062	6,460,825	6,761,904
Land, premises and equipment - net	16 8,037,212	8,292,180	8,758,841
Intangible assets - net	17 3,843,023	4,293,963	4,709,082
Goodwill	18 17,951,311	17,951,311	17,951,311
Receivables from purchase and sale of securities	1,645,667	2,102,713	858,326
Prepaid corporate income tax	27,184	1,046,533	1,019,680
VAT refundable	380,508	2,300,943	56,557
Reinsurance assets	401,450	1,155,601	2,573,393
Deferred tax assets	19 641,319	522,735	348,266
Other assets - net	20 5,946,013	6,438,920	5,066,831
Total assets	1,038,348,918	1,018,620,398	888,573,212

The accompanying notes are an integral part of the financial statements.

Thanachart Bank Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2013

(Unit: Thousand Baht)

Consolidated financial statements				
	31 December	31 December	1 January	
Note	2013	2012	2012	
		(Restated)		
Liabilities and equity				
Deposits	21	719,079,168	698,372,192	436,039,579
Interbank and money market items	22	81,082,186	87,776,947	60,150,845
Liability payable on demand		3,218,667	4,989,214	2,130,716
Derivatives liabilities	8	5,701,330	1,206,215	2,885,848
Debt issued and borrowings	23	92,228,946	78,148,560	254,296,521
Banks' liability under acceptances		30,330	41,489	90,531
Provisions	24	3,145,644	2,975,614	2,823,534
Payable from purchase and sale of securities		1,294,515	2,873,534	851,388
Accrued interest payable		4,405,614	4,053,383	3,266,851
Accrued expenses		5,312,605	5,047,880	3,855,403
Insurance contracts liabilities	25	15,019,053	39,632,420	36,154,060
Deferred tax liabilities	19	1,719,634	2,060,160	1,604,639
Other liabilities	26	8,871,596	7,257,105	7,650,940
Total liabilities		941,109,288	934,434,713	811,800,855
Equity				
Share capital	27			
Registered				
7,526,664,903 ordinary shares of Baht 10 each				
(2012: 5,934,619,272 ordinary shares of Baht 10 each)		75,266,649	59,346,193	59,346,193
Issued and paid-up share capital				
5,513,664,903 ordinary shares of Baht 10 each		55,136,649	55,136,649	55,136,649
Share premium		2,100,694	2,100,694	2,100,694
Other components of equity	28	801,131	1,257,796	411,062
Retained earnings				
Appropriated - statutory reserve	29	2,035,183	1,329,516	989,326
Unappropriated		36,144,439	23,505,273	17,421,111
Equity attributable to owner of the company		96,218,096	83,329,928	76,058,842
Non-controlling interests of the subsidiaries		1,021,534	855,757	713,515
Total equity		97,239,630	84,185,685	76,772,357
Total liabilities and equity		1,038,348,918	1,018,620,398	888,573,212
		-	-	-

The accompanying notes are an integral part of the financial statements.

Thanachart Bank Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2013

(Unit: Thousand Baht)

Separate financial statements			
	31 December	31 December	1 January
Note	2013	2012	2012
		(Restated)	
Assets			
Cash	17,938,627	15,180,228	16,004,051
Interbank and money market items - net	7	66,094,560	65,963,698
Derivatives assets	8	3,913,805	2,176,540
Investments - net	9	125,874,271	106,923,850
Investments in subsidiary and associated companies - net	10	9,505,400	13,754,213
Loans to customers and accrued interest receivables	11		
Loans to customers		808,369,873	778,015,569
Accrued interest receivables		984,900	1,029,616
Total loans to customers and accrued interest receivables		809,354,773	779,045,185
Less: Deferred revenue		(57,875,923)	(54,992,223)
Allowance for doubtful accounts	12	(21,208,072)	(15,067,430)
Revaluation allowance for debt restructuring	13	(301,192)	(344,196)
Net loans to customers and accrued interest receivables		729,969,586	708,641,336
Customers' liability under acceptances		30,330	41,489
Property foreclosed - net	15	2,996,742	3,166,001
Land, premises and equipment - net	16	7,787,388	7,927,385
Intangible assets - net	17	3,782,061	4,230,138
Goodwill	18	17,941,195	17,941,195
Receivables from purchase and sale of securities		-	3,069
Prepaid corporate income tax		-	1,012,539
VAT refundable		290,759	2,295,101
Other assets - net	20	4,599,726	3,952,371
Total assets		990,724,450	953,209,153
		880,254,991	

The accompanying notes are an integral part of the financial statements.

Thanachart Bank Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2013

(Unit: Thousand Baht)

	Note	Separate financial statements		
		31 December	31 December	1 January
		2013	2012	2012
			(Restated)	
Liabilities and equity				
Deposits	21	722,262,165	701,281,731	471,617,573
Interbank and money market items	22	74,449,007	82,083,807	59,282,708
Liability payable on demand		3,218,667	4,989,214	2,130,716
Derivatives liabilities	8	5,697,046	1,202,000	2,876,790
Debt issued and borrowings	23	76,923,346	68,395,560	257,503,221
Banks' liability under acceptances		30,330	41,489	90,531
Provisions	24	2,960,190	2,786,748	2,620,953
Payable from purchase and sale of securities		1,426	11,265	267,638
Accrued interest payable		4,317,213	3,997,033	3,413,511
Accrued expenses		4,645,020	4,366,477	3,077,407
Deferred tax liabilities	19	1,594,806	1,923,874	1,444,113
Other liabilities	26	5,472,579	4,628,999	3,958,095
Total liabilities		901,571,795	875,708,197	808,283,256
Equity				
Share capital	27			
Registered				
7,526,664,903 ordinary shares of Baht 10 each				
(2012: 5,934,619,272 ordinary shares of Baht 10 each)		75,266,649	59,346,193	59,346,193
Issued and paid-up share capital				
5,513,664,903 ordinary shares of Baht 10 each		55,136,649	55,136,649	55,136,649
Share premium		2,100,694	2,100,694	2,100,694
Other components of equity	28	345,109	766,687	162,220
Retained earnings				
Appropriated - statutory reserve	29	2,035,183	1,329,516	989,326
Unappropriated		29,535,020	18,167,410	13,582,846
Total equity		89,152,655	77,500,956	71,971,735
Total liabilities and equity		990,724,450	953,209,153	880,254,991
		-	-	-

The accompanying notes are an integral part of the financial statements.

Thanachart Bank Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2013

(Unit: Thousand Baht except earnings per share expressed in Baht)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		2013	2012	2013	2012
			(Restated)		(Restated)
Profit or loss					
Continuing operations					
Interest income	32	53,886,402	48,735,570	50,548,597	46,330,705
Interest expenses	33	(27,233,755)	(25,555,897)	(26,488,525)	(25,371,321)
Net interest income		26,652,647	23,179,673	24,060,072	20,959,384
Fees and service income		8,792,593	6,555,512	6,431,696	5,407,517
Fees and service expenses		(1,889,849)	(1,485,289)	(1,672,452)	(1,330,010)
Net fees and service income	34	6,902,744	5,070,223	4,759,244	4,077,507
Gains on trading and foreign exchange transactions	35	530,998	664,374	685,131	705,399
Gains on investments	36	13,081,096	312,211	13,884,505	269,896
Share of profit from investments accounted					
for under equity method		414,865	149,611	-	-
Insurance/Life insurance income		6,723,971	6,125,120	-	-
Dividend income		562,493	396,576	1,856,613	3,788,113
Income on supporting service		41,958	99,629	314,217	314,955
Other operating income		1,654,948	2,046,230	1,457,958	1,745,968
Total operating income		56,565,720	38,043,647	47,017,740	31,861,222
Insurance expenses		(4,441,553)	(3,977,917)	-	-
Net operating income		52,124,167	34,065,730	47,017,740	31,861,222
Other operating expenses					
Employee's expenses		10,465,936	10,464,865	8,767,883	9,085,979
Directors' remuneration	37	37,612	30,863	28,942	24,473
Premises and equipment expenses		3,012,758	3,168,068	2,698,223	2,866,517
Taxes and duties		887,164	887,017	837,849	836,880
Other expenses		6,855,476	7,108,790	6,153,969	6,707,953
Total other operating expenses		21,258,946	21,659,603	18,486,866	19,521,802
Impairment losses of loans and debt securities	38	11,587,478	2,979,503	11,200,832	4,680,020
Profit before income tax		19,277,743	9,426,624	17,330,042	7,659,400
Income tax	19.2	(4,030,938)	(2,075,746)	(3,216,709)	(804,863)
Profit for the year from continuing operations		15,246,805	7,350,878	14,113,333	6,854,537
Discontinued operations					
Profit for the year from discontinued operations	48	354,241	1,211,742	-	-
Profit for the year		15,601,046	8,562,620	14,113,333	6,854,537

The accompanying notes are an integral part of the financial statements.

Thanachart Bank Public Company Limited and its subsidiaries

Statement of comprehensive income (continued)

For the year ended 31 December 2013

(Unit: Thousand Baht except earnings per share expressed in Baht)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		2013	2012	2013	2012
			(Restated)		(Restated)
Other comprehensive income					
Continuing operations					
Gains (losses) on changes in value of	39				
available-for-sale investments		(394,390)	1,311,940	(528,033)	748,313
Share of other comprehensive income of associates		(53,490)	146,055	-	-
Income tax relating to components of					
other comprehensive income	19.2	110,077	(270,495)	106,455	(143,846)
Total other comprehensive income from continuing operations (loss)		(337,803)	1,187,500	(421,578)	604,467
Discontinued operations					
Other comprehensive income from discontinued operations (loss)	48	(118,862)	(340,766)	-	-
Total other comprehensive income (loss)		(456,665)	846,734	(421,578)	604,467
Total comprehensive income					
Total comprehensive income from continuing operations		14,909,002	8,538,378	13,691,755	7,459,004
Total comprehensive income from discontinued operations		235,379	870,976	-	-
Total comprehensive income		15,144,381	9,409,354	13,691,755	7,459,004
Total profit attributable to:					
The Bank					
Profit for the year from continuing operations		15,030,648	7,142,393	14,113,333	6,854,537
Profit for the year from discontinued operations		354,241	1,211,742	-	-
Profit for the year attributable to the Bank		15,384,889	8,354,135	14,113,333	6,854,537
Non-controlling interests					
Profit for the year from continuing operations		216,157	208,485		
Profit for the year from discontinued operations		-	-		
Profit for the year attributable to non-controlling interests		216,157	208,485		
		15,601,046	8,562,620		

The accompanying notes are an integral part of the financial statements.

Thanachart Bank Public Company Limited and its subsidiaries

Statement of comprehensive income (continued)

For the year ended 31 December 2013

(Unit: Thousand Baht except earnings per share expressed in Baht)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		2013	2012	2013	2012
			(Restated)		(Restated)
Total comprehensive income attributable to:					
The Bank					
Total comprehensive income from continuing operations		14,692,845	8,329,893	13,691,755	7,459,004
Total comprehensive income from discontinued operations		235,379	870,976	-	-
Total comprehensive income attributable to the Bank		<u>14,928,224</u>	<u>9,200,869</u>	<u>13,691,755</u>	<u>7,459,004</u>
Non-controlling interests					
Total comprehensive income from continuing operations		216,157	208,485		
Total comprehensive income from discontinued operations		-	-		
Total comprehensive income attributable to non-controlling interests		<u>216,157</u>	<u>208,485</u>		
		<u>15,144,381</u>	<u>9,409,354</u>		
Earnings per share of the Bank					
40					
Basic earnings per share (Baht per share)					
Profit attributable to the Bank					
Profit from continuing operations		2.73	1.30	2.56	1.24
Profit from discontinued operations		0.06	0.22	-	-
		<u>2.79</u>	<u>1.52</u>	<u>2.56</u>	<u>1.24</u>

The accompanying notes are an integral part of the financial statements.

Thanachart Bank Public Company Limited and its subsidiaries

Statements of cash flows

For the year ended 31 December 2013

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
		(Restated)		(Restated)
Cash flows from operating activities				
Profit before income tax from continuing operations	19,277,743	9,426,624	17,330,042	7,659,400
Profit before income tax from discontinued operations	443,187	1,624,808	-	-
Profit before income tax	19,720,930	11,051,432	17,330,042	7,659,400
Adjustments to reconcile profit before income tax to net cash received (paid) from operating activities:				
Share of profit from investments accounted for under equity method	(414,865)	(149,611)	-	-
Depreciation and amortisation	1,473,165	1,597,212	1,396,170	1,466,423
Impairment losses of loans and debt securities	11,587,478	2,979,503	11,200,832	4,680,020
Increase in provisions	762,764	152,081	740,650	275,487
Amortisation of discounts on investment in debt securities	(23,912)	(28,914)	(3,517)	(62,113)
Increase (decrease) in allowance for impairment of investments	(32,424)	10,543	(32,467)	56,774
Gain from disposal of investment in a subsidiary company	(12,216,258)	-	(13,127,841)	-
Decrease (increase) in allowance for change in value of investments	186,482	(595)	5,242	(10,110)
Increase in allowance for impairment of property foreclosed	127,294	35,616	111,257	4,063
Increase in allowance for impairment of land, premises and equipment	336	4,616	336	5,100
Increase in allowance for impairment of intangible assets	2,800	35,309	2,800	35,309
Interest income and other income from the assets transferred for debt repayment	(19,517)	(5,012)	(19,517)	(5,012)
Gain on disposal of equipment	(28,054)	(41,222)	(23,478)	(40,221)
Loss from disposal of intangible assets	31,105	46,888	31,105	46,888
Unrealised loss (gain) on exchange	(316,185)	298,055	(316,185)	298,055
Increase in allowance for impairment of other assets	185,381	20,827	41,015	9,068
Increase in other income receivable	(101,431)	(266,724)	(310,147)	(57,479)
Decrease in fees and rental received in advance	(84,471)	(30,302)	(84,471)	(30,302)
Decrease in deferred income	(65,943)	(61,311)	(65,943)	(61,311)
Increase in accrued expenses	312,380	212,529	126,861	309,123
Amortisation of discounts on borrowings	136	13,972	136	13,972
Net interest income	21,087,191	15,874,892	17,002,880	14,593,134
Dividend income	(562,494)	(447,183)	(1,856,613)	(3,788,113)
Cash received from interest income	51,488,456	46,009,719	47,067,033	42,644,444
Cash payment for interest expenses	(22,539,380)	(16,651,972)	(22,369,507)	(16,808,865)
Cash paid for corporate income tax	(3,948,945)	(3,629,415)	(3,001,193)	(177,572)
Cash received from corporate income tax refundable	1,013,929	-	1,012,539	-
Income from operating activities before changes in operating assets and liabilities	19,873,823	17,052,556	13,798,448	15,551,785

The accompanying notes are an integral part of the financial statements.

Thanachart Bank Public Company Limited and its subsidiaries

Statements of cash flows (continued)

For the year ended 31 December 2013

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
		(Restated)		(Restated)
Cash flows from operating activities (continued)				
Decrease (increase) in operating assets				
Interbank and money market items	103,663	(8,833,905)	136,317	(3,107,251)
Investments in trading securities	1,631,837	3,889,938	642,729	3,184,104
Derivatives assets	231,539	859,366	231,542	855,202
Loans to customers	(50,015,317)	(130,721,464)	(39,041,889)	(113,965,363)
Property foreclosed	8,259,441	5,337,743	8,040,643	5,360,987
Receivables from purchase and sale of securities	457,046	(1,244,386)	3,069	61,860
Reinsurance assets	630,429	1,417,791	-	-
Other assets	1,885,550	(3,331,386)	1,812,330	(2,384,682)
Increase (decrease) in operating liabilities				
Deposits	20,706,976	262,338,807	20,980,434	229,670,353
Interbank and money market items	(7,830,778)	27,643,485	(8,284,957)	22,818,482
Liability payable on demand	(1,770,547)	2,858,498	(1,770,547)	2,858,498
Derivatives liabilities	668,870	(2,460,410)	668,801	(2,455,567)
Payable from purchase and sale of securities	(1,579,019)	2,022,146	(9,839)	(256,373)
Insurance contract liabilities	(1,976,692)	3,478,360	-	-
Other liabilities	(802,845)	875,248	(1,786,472)	355,949
Net cash flows from (used in) operating activities	(9,526,024)	181,182,387	(4,579,391)	158,547,984
Cash flows from investing activities				
Decrease (increase) in investments in securities held for investment				
	(17,843,236)	(1,108,436)	(19,019,449)	5,281,470
Cash received from disposal of a subsidiary company	18,366,774	-	18,351,714	-
Cash paid for acquire investment in subsidiaries	-	-	-	(2,785,000)
Cash paid for acquire investment in associated	-	-	-	(820,858)
Cash received from capital refunded from a subsidiary company	-	-	528,094	30,642,266
Cash received from interest on investments	4,118,650	4,827,979	3,555,877	3,374,860
Cash received from dividend	665,984	494,159	1,857,417	3,787,387
Cash paid for purchase of equipment	(559,490)	(675,262)	(512,192)	(549,164)
Cash received from disposal of equipment	48,663	72,557	36,952	69,485
Cash paid for purchase of intangible assets	(302,407)	(346,639)	(290,615)	(324,194)
Cash received from disposal of intangible assets	-	19	-	19
Net cash flows from investing activities	4,494,938	3,264,377	4,507,798	38,676,271

The accompanying notes are an integral part of the financial statements.

Thanachart Bank Public Company Limited and its subsidiaries

Statements of cash flows (continued)

For the year ended 31 December 2013

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
		(Restated)		(Restated)
Cash flows from financing activities				
Cash received from borrowings	91,100,065	555,070,968	84,420,465	546,400,268
Cash paid for borrowings	(77,019,814)	(731,239,095)	(75,892,814)	(735,528,095)
Cash paid for interest from borrowings	(4,200,033)	(7,106,888)	(3,657,603)	(6,990,468)
Cash paid for dividend	(2,040,056)	(1,929,783)	(2,040,056)	(1,929,783)
Cash paid for dividend to non-controlling interests	(50,260)	(59,931)	-	-
Cash paid to non-controlling interests for capital refund	(109)	(6,311)	-	-
Net cash flows from (used in) financing activities	7,789,793	(185,271,040)	2,829,992	(198,048,078)
Net increase (decrease) in cash	2,758,707	(824,276)	2,758,399	(823,823)
Cash at beginning of the year	15,181,402	16,005,678	15,180,228	16,004,051
Cash at end of the year	17,940,109	15,181,402	17,938,627	15,180,228
	-	-	-	-
Supplemental cash flows information				
Non-cash transactions				
Transfer of properties foreclosed from receivables for debt settlement	8,113,273	4,833,924	7,875,336	4,639,587
Transfer of investment from receivables for debt settlement	-	432,097	-	432,097
Accounts payable for purchase of fixed assets	287,360	148,859	231,179	140,901
Bad debt written-off/hair-cut loan from debt restructuring	5,370,212	4,957,747	5,032,987	1,909,159

The accompanying notes are an integral part of the financial statements.

Thanachart Bank Public Company Limited and its subsidiaries

Statements of changes in equity

For the year ended 31 December 2013

(Unit: Thousand Baht)

Consolidated financial statements													
	Issued and fully paid-up share capital		Other components of equity						Retained earnings		Non-controlling interests	Total	
			Share premium	Surplus from business combination under common control	Surplus on changes in value of investments	Share of other comprehensive income of associates (loss)	Amounts recognised in other comprehensive income and accumulated in equity relating to assets held for sale	Appropriated -					
								statutory reserve					Unappropriated
Balance as at 1 January 2012 - as previously reported	55,136,649	2,100,694	(123,379)	593,384	142,897	-	989,326	16,008,739	685,254	75,533,564			
Cumulative effect of change in accounting policy for deferred tax (Note 3)	-	-	-	(149,337)	(52,503)	-	-	1,412,372	28,261	1,238,793			
Balance as at 1 January 2012 - as restated	55,136,649	2,100,694	(123,379)	444,047	90,394	-	989,326	17,421,111	713,515	76,772,357			
Dividend paid (Note 31)	-	-	-	-	-	-	-	(1,929,783)	-	(1,929,783)			
Decrease in non-controlling interests of the subsidiaries	-	-	-	-	-	-	-	-	(66,243)	(66,243)			
Transfer of retained earnings to statutory reserve (Note 29)	-	-	-	-	-	-	340,190	(340,190)	-	-			
Total comprehensive income for the year - as restated	-	-	-	596,145	131,727	118,862	-	8,354,135	208,485	9,409,354			
Balance as at 31 December 2012 - as restated	55,136,649	2,100,694	(123,379)	1,040,192	222,121	118,862	1,329,516	23,505,273	855,757	84,185,685			
Balance as at 1 January 2013 - as previously reported	55,136,649	2,100,694	(123,379)	1,317,798	304,611	138,005	1,329,516	21,959,342	833,791	82,997,027			
Cumulative effect of change in accounting policy for deferred tax (Note 3)	-	-	-	(277,606)	(82,490)	(19,143)	-	1,545,931	21,966	1,188,658			
Balance as at 1 January 2013 - as restated	55,136,649	2,100,694	(123,379)	1,040,192	222,121	118,862	1,329,516	23,505,273	855,757	84,185,685			
Dividend paid (Note 31)	-	-	-	-	-	-	-	(2,040,056)	-	(2,040,056)			
Decrease in non-controlling interests of the subsidiaries	-	-	-	-	-	-	-	-	(50,380)	(50,380)			
Transfer of retained earnings to statutory reserve (Note 29)	-	-	-	-	-	-	705,667	(705,667)	-	-			
Total comprehensive income for the year (loss)	-	-	-	(289,634)	(48,169)	(118,862)	-	15,384,889	216,157	15,144,381			
Balance as at 31 December 2013	55,136,649	2,100,694	(123,379)	750,558	173,952	-	2,035,183	36,144,439	1,021,534	97,239,630			

The accompanying notes are an integral part of the financial statements.

Thanachart Bank Public Company Limited and its subsidiaries

Statements of changes in equity (continued)

For the year ended 31 December 2013

(Unit: Thousand Baht)

	Separate financial statements					Total
	Issued and fully paid-up share capital	Share premium	Other components of equity - Surplus on changes in value of investments	Retained earnings		
				Appropriated -		
				statutory reserve	Unappropriated	
Balance as at 1 January 2012 - as previously reported	55,136,649	2,100,694	211,106	989,326	12,446,582	70,884,357
Cumulative effect of change in accounting policy for deferred tax (Note 3)	-	-	(48,886)	-	1,136,264	1,087,378
Balance as at 1 January 2012 - as restated	55,136,649	2,100,694	162,220	989,326	13,582,846	71,971,735
Dividend paid (Note 31)	-	-	-	-	(1,929,783)	(1,929,783)
Transfer of retained earnings to statutory reserve (Note 29)	-	-	-	340,190	(340,190)	-
Total comprehensive income for the year - as restated	-	-	604,467	-	6,854,537	7,459,004
Balance as at 31 December 2012 - as restated	<u>55,136,649</u>	<u>2,100,694</u>	<u>766,687</u>	<u>1,329,516</u>	<u>18,167,410</u>	<u>77,500,956</u>
Balance as at 1 January 2013 - as previously reported	55,136,649	2,100,694	959,419	1,329,516	16,980,422	76,506,700
Cumulative effect of change in accounting policy for deferred tax (Note 3)	-	-	(192,732)	-	1,186,988	994,256
Balance as at 1 January 2013 - as restated	55,136,649	2,100,694	766,687	1,329,516	18,167,410	77,500,956
Dividend paid (Note 31)	-	-	-	-	(2,040,056)	(2,040,056)
Transfer of retained earnings to statutory reserve (Note 29)	-	-	-	705,667	(705,667)	-
Total comprehensive income for the year (loss)	-	-	(421,578)	-	14,113,333	13,691,755
Balance as at 31 December 2013	<u>55,136,649</u>	<u>2,100,694</u>	<u>345,109</u>	<u>2,035,183</u>	<u>29,535,020</u>	<u>89,152,655</u>

The accompanying notes are an integral part of the financial statements.

Thanachart Bank Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the year ended 31 December 2013

1. General information

Thanachart Bank Public Company Limited (“Thanachart Bank” or “the Bank”) was incorporated as a public limited company under Thai laws and its parent company is Thanachart Capital Public Company Limited (herein after referred to as “the Parent company”), a public limited company also existing under Thai laws. The Parent company holds 50.96 percent of the Bank issued shares and Scotia Netherlands Holding BV, a company registered in Netherland, holds 49.00 percent of the Bank issued shares. The Bank’s registered address is 900, Tonson Tower, Ploenchit Road, Lumpini, Pathumwan, Bangkok. The Bank has 621 operational branches (2012: 628 operational branches).

All subsidiaries are registered limited or public limited companies under Thai laws and operate their businesses in Thailand. The subsidiaries businesses include non-performing assets management business, securities business, leasing and hire purchase business, non-life insurance business, life insurance business, fund management business and others.

2. Basis of preparation of the financial statements

2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and the principles stipulated by the Bank of Thailand (“BOT”). The presentation of the financial statements has been made in compliance with the BOT’s Notification relating to the preparation and format of the financial statements of commercial banks and holding company of financial business groups, dated 3 December 2010.

The financial statements in Thai language are the official statutory financial statements of the Bank. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of preparation of the consolidated financial statements

- a) The consolidated financial statements included the financial statements of the Bank and the following subsidiary companies (“the subsidiaries”).

	Nature of business	Percentage of holding	
		2013	2012
<u>Subsidiaries directly held by the Bank</u>			
SCIB Plc.	In liquidation process	99.98	99.98
Thanachart Securities Plc.	Securities business	100.00	100.00
Thanachart Insurance Plc.	Non-life insurance	100.00	100.00
Thanachart Life Assurance Plc.	Life insurance	-	100.00
Thanachart Fund Management Co., Ltd.	Fund management	75.00	75.00
Thanachart Broker Co., Ltd.	Non-life insurance broker	100.00	100.00
Thanachart Group Leasing Co., Ltd.	Hire purchase	100.00	100.00
Thanachart Management and Services Co., Ltd.	Services	100.00	100.00
Thanachart Training and Development Co., Ltd.	Training services	100.00	100.00
TS Asset Management Co., Ltd.	Non-performing asset management	100.00	100.00
Siam City Life Assurance Plc.	Life insurance	100.00	100.00
SCIB Service Co., Ltd.	Services	100.00	100.00
Ratchthani Leasing Plc.	Hire-purchase and leasing business	65.18	65.18
<u>Subsidiary indirectly held by the Bank</u>			
National Leasing Co., Ltd.	Leasing business	100.00	100.00

- b) Total assets and net operating income of the subsidiaries that have significant impact to and are included in the consolidated financial statements as at 31 December 2013 and 2012 and for the years then ended, after eliminating significant intercompany transactions, are as follows:

	(Unit: Million Baht)			
	Total assets		Net operating income	
	2013	2012	for the years *	
	2013	2012	2013	2012
Ratchthani Leasing Plc.	26,654	18,900	1,468	1,091
Siam City Life Assurance Plc.	10,216	12,465	40	392
TS Asset Management Co., Ltd.	9,054	10,045	631	814
Thanachart Insurance Plc.	8,823	8,565	2,950	2,451
Thanachart Securities Plc.	6,541	6,898	2,130	1,429
Thanachart Life Assurance Plc.	-	27,283	-	-

* Presented as part of continuing operations

- c) The consolidated statement of comprehensive income for year ended 31 December 2013 included the operating results of Thanachart Life Assurance Plc. from 1 January 2013 until the date of disposal of the investment. Such subsidiary had total income of Baht 4,025 million and net income of Baht 354 million.
- d) All subsidiaries are fully consolidated, being the date on which the Bank obtains control, and continue to be consolidated until the date when such control ceases.
- e) The financial statements of the subsidiaries are prepared for the same reporting period as the Bank, using the same significant accounting policies. In case where there are different accounting policies, the Bank has adjusted the effect of these in the consolidated financial statements.
- f) The outstanding balances and significant intercompany transactions between the Bank and its subsidiaries have been eliminated from the consolidated financial statements. The investments in subsidiaries as recorded in the Bank's and subsidiaries' books of accounts have been eliminated against equity of the subsidiaries.
- g) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Bank and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position.

2.3 The separate financial statements, which present investments in subsidiary and associated companies under the cost method, have been prepared solely for the benefit of the public.

3. Accounting standards that became effective in the current accounting year

Below is a summary of accounting standards that became effective in the current accounting year.

Accounting standards:

TAS 12	Income Taxes
TAS 20 (revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates

Financial Reporting Standard:

TFRS 8	Operating Segments
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Accounting Standard Interpretations:

TSIC 10	Government Assistance - No Specific Relation to Operating Activities
TSIC 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets
TSIC 25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

Accounting Treatment Guidance for Transfers of Financial Assets

The aforementioned accounting standards do not have any significant impact on the financial statements for the current year, except for TAS 12 Income Taxes.

TAS 12 Income Taxes

This accounting standard requires an entity to identify temporary differences between the carrying amount of an asset or liability in the statement of financial position and its tax base and recognise the tax effects as deferred tax assets or liabilities subjecting to certain recognition criteria. The Bank and its subsidiaries have changed this accounting policy in this current year and restated the prior year's financial statements, presented as comparative information, as though the Bank and its subsidiaries had initially recognised the tax effects as deferred tax assets or liabilities. The cumulative effect of this change in the accounting policies has been separately presented in the statements of changes in equity.

As a result of the Bank and its subsidiaries adopting this accounting standard, the Bank is required to restate the financial statements as if it had always applied this accounting standard, including at the acquisition date of Siam City Bank ("SCIB"). The Bank has therefore adjusted the assets and liabilities relevant to the business combination (consisting of the deferred tax assets and deferred tax liabilities related to the assets and liabilities in the accounts of SCIB, the fair value adjustment of SCIB's assets, and intangible assets) in order to determine the reallocation of cost of business combination. As a result, goodwill arising from the business combination increased by Baht 2,202 million.

The amounts of adjustments affecting the statements of financial position and the statements of comprehensive income are summarised below.

(Unit: Million Baht)

	Consolidated financial statements			Separate financial statements		
	31 December 2013	31 December 2012 (Restated)	1 January 2012	31 December 2013	31 December 2012 (Restated)	1 January 2012
Statements of financial position						
Increase in goodwill	2,202	2,202	2,202	2,202	2,202	2,202
Increase in deferred tax assets	641	523	348	-	-	-
Increase in deferred tax liabilities	1,719	2,060	1,605	1,595	1,924	1,444
Increase in non-controlling interests of the subsidiaries	62	22	28	-	-	-
Increase in unappropriated retained earnings	1,888	1,546	1,412	1,410	1,187	1,136
Decrease in other components of equity	(184)	(379)	(202)	(86)	(192)	(49)

(Unit: Million Baht)

	For the years ended 31 December				
	Consolidated financial statements		Separate financial statements		
	2013	2012 (Restated)	2013	2012 (Restated)	
Statements of comprehensive income					
<u>Continuing operations</u>					
Profit or loss					
Increase (decrease) in income tax		(352)	246	(223)	336
Increase (decrease) in profit attributable to non-controlling interest of the subsidiaries		40	(6)	-	-
Increase in profit attributable to equity holders of the Bank		312	153	223	51
Increase in basic earnings per share (Baht per share)		0.057	0.028	0.041	0.009
Other comprehensive income					
Increase (decrease) in deferred tax relating to components of other comprehensive income		(110)	271	(106)	143
<u>Discontinued operations</u>					
Profit or loss					
Increase (decrease) in income tax		(30)	20	-	-
Increase (decrease) in profit attributable to equity holders of the Bank		30	(20)	-	-
Increase (decrease) in basic earnings per share (Baht per share)		0.005	(0.004)	-	-
Other comprehensive income					
Decrease in deferred tax relating to components of other comprehensive income		(28)	(109)	-	-

4. Accounting standards that will become effective in the future

Below is a summary of accounting standards that will become effective in the future.

	<u>Effective date</u>
Accounting Standards:	
TAS 1 (revised 2012) Presentation of Financial Statements	1 January 2014
TAS 7 (revised 2012) Statement of Cash Flows	1 January 2014
TAS 12 (revised 2012) Income taxes	1 January 2014
TAS 17 (revised 2012) Leases	1 January 2014
TAS 18 (revised 2012) Revenue	1 January 2014
TAS 19 (revised 2012) Employee Benefits	1 January 2014
TAS 21 (revised 2012) The Effects of Changes in Foreign Exchange Rate	1 January 2014
TAS 24 (revised 2012) Related Party Disclosures	1 January 2014
TAS 28 (revised 2012) Investments in Associates	1 January 2014
TAS 31 (revised 2012) Investments in Joint Ventures	1 January 2014
TAS 34 (revised 2012) Interim Financial Reporting	1 January 2014
TAS 36 (revised 2012) Impairment of Assets	1 January 2014
TAS 38 (revised 2012) Intangible Assets	1 January 2014
Financial Reporting Standards:	
TFRS 2 (revised 2012) Share-Based Payments	1 January 2014
TFRS 3 (revised 2012) Business Combinations	1 January 2014
TFRS 4 Insurance Contracts	1 January 2016
TFRS 5 (revised 2012) Non-current Assets Held for Sale and Discontinued Operations	1 January 2014
TFRS 8 (revised 2012) Operating Segments	1 January 2014
Accounting Standard Interpretations:	
TSIC 15 Operating Leases - Incentives	1 January 2014
TSIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease	1 January 2014
TSIC 29 Service Concession Arrangements: Disclosures	1 January 2014
TSIC 32 Intangible Assets - Web Site Costs	1 January 2014
Financial Reporting Standard Interpretations:	
TFRIC 1 Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 January 2014
TFRIC 4 Determining whether an Arrangement contains a Lease	1 January 2014

		<u>Effective date</u>
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 January 2014
TFRIC 7	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies	1 January 2014
TFRIC 10	Interim Financial Reporting and Impairment	1 January 2014
TFRIC 12	Service Concession Arrangements	1 January 2014
TFRIC 13	Customer Loyalty Programmes	1 January 2014
TFRIC 17	Distributions of Non-cash Assets to Owners	1 January 2014
TFRIC 18	Transfers of Assets from Customers	1 January 2014

The management of the Bank and its subsidiaries has assessed the effect of the above accounting standards and believes that they will not have any significant impact on the financial statements for the year when they are initially applied, except for TFRS 4, TFRIC 10 and TFRIC 13, of which the management is still evaluating the first-year impact to the financial statements and has yet to reach a conclusion.

5. Significant accounting policies

5.1 Revenue recognition

a) Interest and discounts on loans

Interest on loan is recognised as income on an accrual basis, based on the amount of principal outstanding. Interest on hire purchase and financial lease is recognised based on the effective interest method.

For loans on which principal or interest payments have been defaulted for more than three months past the due date, the Bank and its subsidiaries cease accrual of interest income, and accrued interest already recorded is reversed from the Bank and its subsidiaries' accounts. Interest is then recognised as income on a cash basis until settlement of such overdue balance has been received from the debtors.

Interest income on restructured loans is recognised as income on an accrual basis, with reference to the interest rate stipulated in the agreements, with the exception of interest on loans that are subject to monitoring for compliance with restructuring conditions, which the Bank and its subsidiaries recognise as income on a cash basis until the receivable is able to comply with the restructuring conditions for a period of no less than three months or three installments, whichever is longer.

The Bank and its subsidiaries recognise interest income on investments in purchased/transferred loans for which loan repayment is received during the year based on the effective yield rate of the portfolio multiplied by the new book value (acquisition cost) of the outstanding balances of receivables, to the extent that this is not greater than the amount received from such receivables. After the restructuring, interest income is recognised by the effective interest method for those receivables from which loan repayment was received during the year.

Interest or discounts already included in the face value of notes receivable or loans are recorded as deferred interest and taken up as income evenly throughout the term of the notes or loans or in proportion of debt repayment.

Interest income received in advance on hire purchase represents discounted on interest given to debtors by dealers, is recognised based on the effective interest method, in the same manner as interest income on hire purchase receivables.

b) Interest and dividends on investments

Interest on investments is recognised as income on an accrual basis based on the effective interest rate. Dividends are recognised as income when the right to receive the dividends is established.

c) Brokerage fee income

Brokerage fees on trading of securities and derivatives are recognised as income on the transaction date.

d) Interest on margin loans for purchase of securities

Interest on margin loans for purchases of securities is recognised as income over the term of the loans based on the amount of principal outstanding. The subsidiary company ceases accruing interest for certain loans that fall under the conditions set by the Securities and Exchange Commission ("SEC").

e) Gains (losses) on investments and derivatives

Gains (losses) on investments and derivatives are recognised as income/expenses on the transaction date.

f) Fees and service income

Fees and service income are recognised as income on an accrual basis.

g) Insurance/life insurance premium income

Non-life insurance contract

Premium income consists of direct premium and reinsurance premium less premium of cancelled policies and premiums refunded to policy holders, and adjusted with unearned premium reserve.

Direct premium income is recognised on the date the insurance policy comes into effect. For long-term insurance policies with coverage periods of longer than 1 year, related premium are recorded as unearned items, and recognised as income over the coverage period.

Reinsurance premium income is recognised as income when the reinsurer places the reinsurance application or the statement of accounts.

Life insurance contract

Premium income is recognised as income on the date the insurance policy comes into effect, after deducting premium ceded and refunded. For renewal policy, premium income is recognised as income when the premium is due, only if the policy is still in force at the year-end date.

5.2 Expenses recognition

a) Interest expenses

Interest expenses are charged to expenses on an accrual basis. Interest on notes payable included in the face value is recorded as deferred interest and amortised to expenses evenly throughout the term of the notes.

b) Commission and direct expenses charged on hire purchase/financial leases

For hire purchase/financial lease contracts originating on or after 1 January 2007, initial direct expenses at the inception of a hire purchase/financial lease contract (i.e. commission expenses and stamp duty expenses) are to be deferred and amortised using the effective interest method, with amortisation deducted from interest income throughout the contract period, in order to reflect the effective rate of return on the contracts.

Unearned income on hire purchase/financial leases is presented net of commission expenses and initial direct cost on the inception of the contracts.

c) Fees and service expenses

Fees and service expenses are recognised as expenses on an accrual basis.

5.3 Investments

Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss in the statements of comprehensive income.

Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income in the statements of comprehensive income, and will be recognised in profit or loss when the securities are sold.

Investments in held-to-maturity debt securities are stated at amortised cost. Premiums/discounts on debt securities are amortised/accreted by the effective rate method with the amortised/accreted amount presented as an adjustment to the interest income.

Investments in non-marketable equity securities, which are classified as general investments, are stated at cost net of allowance for impairment (if any).

The fair value of marketable securities is based on the latest bid price of the last working day of the year. The fair value of debt securities is determined using the yield rates quoted by the Thai Bond Market Association, other markets, or yield rate of government bond adjusted by an appropriate risk factor, as the case may be. The fair value of unit trusts is determined from their net asset value.

The fair value of embedded derivatives investments which no active market or no available market value is determined using an internal model. The gains/losses arising from revaluation are recognised in profit or loss in the statements of comprehensive income. This method of measurement is in compliance with the principles stipulated by the BOT.

The Bank and its subsidiaries recognise loss on impairment (if any) of available-for-sale securities, held-to-maturity debt securities and general investments in profit or loss in the statements of comprehensive income.

In the event that the Bank and its subsidiaries transfer investments to another category, the investments are valued at their fair values prevailing on the transfer date. Differences between the carrying amount of the investments and their fair value on that date are recorded as profit or loss or other comprehensive income in the statements of comprehensive income, depending on the type of investment being reclassified.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss in the statements of comprehensive income. In case of disposal partial of the investment, the carrying value per share used to calculate the cost of the portion sold is determined using the weighted average method.

5.4 Investments in receivables purchased and allowance for impairment

Investments in receivables purchased are presented at their acquisition cost net of allowance for impairment (if any). Loss on impairment is recognised as an expense in profit or loss in the statements of comprehensive income.

In case that the receivables purchased enter into troubled debt restructuring agreements, they are transferred to loans and presented at fair value. The fair value is determined based on the outstanding balance of investments as at the transfer date or as at the date of restructuring.

Allowance for impairment of investments in receivables purchased is determined based on the fair value, with reference to the collateral value.

5.5 Investments in subsidiary and associated companies

Investments in subsidiary and associated companies in the separate financial statements are accounted for under the cost method net of allowance for impairment (if any). Loss on impairment is recognised as expenses in part of profit or loss in the statements of comprehensive income.

Investments in associated companies in the consolidated financial statements are accounted for under the equity method. Under this method, investments are initially recorded at acquisition cost and are adjusted to reflect the attributable shares of the net income from the operations of the associated companies, in proportion to the investment.

5.6 Loans

Loans are stated at the principal balances, excluding accrued interest receivable, except for overdrafts which are presented at the principal balances plus accrued interest receivable. Unrecognised deferred income and discounts on loans are deducted from the loan balances.

Hire purchase receivables and financial lease receivables are stated at the contract value of the hire purchase receivables and financial lease receivables net of unearned income, which is presented after netting commission expenses and initial direct cost on the inception of the contracts.

Securities and derivatives business receivables comprise the net balances of securities business receivable and derivatives business receivables. Securities business receivable comprises credit balance receivables (for which the securities purchased are used as collateral), securities borrowing and lending receivables and guarantee deposit receivables (which comprise cash placed as guarantee for borrowers of securities or Thailand Securities Depository) as well as other receivables, such as overdue amounts in cash accounts and receivables which are under legal proceedings, are undergoing restructuring, or are being settled in installments. The receivable balance of cash accounts is presented as "Receivables from purchase and sale of securities".

5.7 Allowances for doubtful accounts

a) Allowance for doubtful accounts for loans

The Bank and its subsidiary companies, that operates in asset management business, provide allowance for doubtful accounts in accordance with the Notifications of the BOT and adjust these by the additional amount which is expected not to be collectible based on an evaluation of the current status of the debtors, taking into consideration the recovery risk and the value of collateral. Increase (decrease) in an allowance for doubtful accounts is recognised as an expense during the year.

For loans, excluding hire purchase receivable - personal consuming of the Banks, the Bank and its subsidiary companies set provision for normal loans (including restructured receivables) and special mention loans at minimum rates of 1% and 2%, respectively, of the loan balances (excluding accrued interest receivable) net of collateral value. For non-performing loans, provision is set at a rate of 100% of the debt balance remaining after deducting the present value of expected future cash flows from debt collection or the present value of expected cash flows from collateral disposal, based on the use of a discount rate and assumptions as to the time needed to dispose of the collateral, in accordance with the BOT's guideline. However, non-performing hire purchase receivables and financial lease receivables are treated as uncollateralised.

The Bank sets provision for hire purchase receivable - personal consuming of the Bank using the collective approach, which classifies groups of receivables having similar credit risk characteristics, and taking into account the historical loss of loans calculated based on the probability of default and a percentage of the loss given default. Furthermore, the Bank has set aside an additional provision by taking into consideration the potential additional loss arising from changes in economic circumstances that may impact certain borrowers' ability to pay. This methodology, its parameters and assumptions have been reviewed in detail and will be monitored on an ongoing basis for continued applicability.

b) Subsidiary engaged in securities business has provided an allowance for doubtful accounts based on a review of debtors' repayment capability, taking into consideration the risk of recovery and the value of collateral. An allowance is set aside for doubtful debts not fully covered by collateral and/or those which may not be fully recovered. Such debt classifications and provisions are made in accordance with the Notifications of the SEC.

- c) Subsidiaries engaged in hire purchase and leasing businesses have provided allowance for doubtful accounts at percentages of the amount of principal outstanding net of unearned income, based on the number of months overdue (with reference to the classification of loans under BOT's guidelines). Allowance for doubtful accounts is provided based on the loan balances after net of collateral value for receivables overdue no more than 3 months, while provided based on the loans balance without deducting collateral value for receivables overdue more than 3 months.
- d) Allowance for doubtful accounts for other receivables is set up based on the amount of debt that may not be collectible, determined from a review of the current status of the receivables as at the financial reporting date.
- e) The Bank and its subsidiaries write off receivables when they determine that such receivables may not be collectible. Amounts written off as bad debts or bad debt recovery are deducted from or added to the allowance for doubtful accounts.

5.8 Troubled debt restructuring

In cases where the debt restructuring involves modifications of the terms of repayment, the fair value of the receivables after restructuring is based on the net present value of expected future cash flows, discounted by the market's minimum interest rate for credit to large customers as at the date of the debt restructuring. The differences between the fair values of receivables as of the restructuring date and their previous book values is recorded in "Revaluation allowance for debt restructuring", and recognised as an expense in part of profit or loss in the statements of comprehensive income in the restructuring period. The Bank and its subsidiaries review such revaluation allowance based on the net present value of future cash flows over the remaining period to maturity, recognising adjustments against impairment losses of loans accounts.

In cases where the troubled debt restructuring involves the transfer of assets or equity, the Bank and its subsidiaries record the assets or equity interest received as a result of debt restructuring at their fair value (based on the value appraised by internal appraisers or external independent appraisers) providing this does not exceed the amount of principal legally claimable from the debtor (including interest of which recognition has ceased until the restructuring date). Any excess of the fair value of the assets over the book value is recognised as gain on restructuring or interest income in part of profit or loss in the statements of comprehensive income, as the case may be.

Losses arising from debt restructuring through waivers of part of principal or recorded accrued interest receivable are recognised as losses in part of profit or loss in the statements of comprehensive income when incurred.

5.9 Recognition and amortisation of customers' assets

Assets which customers have placed with the subsidiary company for securities trading, in term of cash accounts and credit balance accounts, including amounts which customers have placed as security for derivative trading, are recorded as assets and liabilities of the subsidiary company for internal control purpose. As at the reporting date, the subsidiary company write off those amounts which there are no guarantee obligations from both assets and liabilities and present only those assets which belong to the subsidiary company.

5.10 Property foreclosed

Property foreclosed is stated at the lower of cost (fair value with reference to appraisal value, providing this does not exceed the legally claimable amount of debt) or net realisable value, which is determined with reference to the latest appraisal value less estimated selling expenses, adjusts these in accordance with the BOT's guideline and taking into consideration the type and the nature of the assets.

Gains on disposal of property foreclosed are recognised as income in part of profit or loss in the statements of comprehensive income on the disposal date, unless the purchase is made with a loan from the Bank. In such cases, gains are recognised in accordance with the BOT's guideline. Losses on disposal and impairment losses are recognised as expenses in part of profit or loss in the statement of comprehensive income.

5.11 Land, premises and equipment and depreciation

- a) Land and assets under installation are stated at cost, and depreciation is not provided.
- b) Premises and equipment are stated at cost less accumulated depreciation and allowance for impairment (if any). Depreciation is calculated by reference to their cost on a straight-line basis over the following estimated useful lives:

Buildings	-	20 - 30	years
Buildings improvement	-	5 - 10	years
Furniture, fixtures and equipment	-	3 - 10	years
Motor vehicles	-	5	years

Depreciation is included in determining income.

- c) Land, premises and equipment are derecognised upon disposal or when no future economic benefits are expected from their use or disposal. Any gain or loss arising on disposal of these assets (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in profit or loss in the statement of comprehensive income.

5.12 Intangible assets and amortisation

Intangible assets acquired through business combination are initially recognised at their fair value on the date of business acquisition while intangible assets acquired in other cases are recognised at cost. Following the initial recognition, the intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses (if any).

The Bank and its subsidiaries amortised intangible assets with finite lives on a systematic basis over their economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense and loss on impairment are recognised as expenses in part of profit or loss in the statement of comprehensive income.

The intangible assets with finite useful lives have useful lives of approximately 3 - 10 years.

No amortisation for computer software under development.

5.13 Leasehold rights

Leasehold rights are stated at cost less accumulated amortisation. Leasehold rights are amortised on a straight-line basis over the lease periods and the amortisation amounts are recognised as expenses in part of profit or loss in the statements of comprehensive income.

5.14 Business combination and goodwill

Business combination accounted for under purchase method.

Goodwill is initially recorded at cost, which equals to the excess of the cost of business combination over the fair value of the net assets acquired. Goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or when circumstances indicate that the carrying value may be impaired.

5.15 Receivables from/payable to Clearing House

Receivables from/payable to Clearing House comprise the net balance receivable/payable in respect of securities trades settled and derivatives business. These also include amounts pledged with Thailand Clearing House as security for derivatives trading.

5.16 Securities purchased under resale agreements/ securities sold under repurchased agreements

The Bank enters into agreements with private entities to purchase/sell securities whereby there is an agreement to resell/repurchase the securities at certain dates and at fixed price. Amounts paid for the securities purchased are presented as assets under the caption of interbank and money market items or loans, depending on the counter party, and the underlying securities are treated as collateral to such receivables. The securities sold under repurchase agreement at the amounts received are presented as liabilities under the caption of interbank and money market items in the statement of financial position and the underlying securities are treated as collateral.

5.17 Premium receivable and allowance for doubtful accounts

Premium receivable from both direct and reinsurance is stated at its net realisable value. Subsidiary companies provide an allowance for doubtful accounts based on the estimated loss that may be incurred in collection of the premium due, on the basis of collection experiences and a review of current status of the premium receivables as at the end of reporting period.

5.18 Reinsurance assets and liabilities

- a) Reinsurance assets represent amounts due from reinsurers (consisting of claims receivable and various other items receivable for reinsurers excluding reinsurance premium receivable less allowance for doubtful accounts), amounts deposited on reinsurance and insurance reserve refundable from reinsurers. Insurance reserve refundable from reinsurers is estimated based on the proportion of premium reserve and loss reserve made in accordance with the law regarding insurance reserve calculation that has been reinsured.
- b) Amounts due to reinsurers are stated at the outstanding balances payable from reinsurance and amounts withheld on reinsurance. Amounts due to reinsurers consist of reinsurance premiums and other items payable to reinsurers.

5.19 Assets held for sale and discontinued operations

Assets held for sale are measured at the lower of their carrying value and fair value less costs to sell. Disposal groups of assets are classified as assets held for sale if their carrying values are recovered principally through a sales transaction rather than through continuing use. In such case, the assets must be available for immediate sale in their present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups) and their sale must be highly probable. Management of the Bank and its subsidiaries must be committed to the sale plan, which should be expected to qualify for recognition as a complete sale within one year from the date the assets are classified as assets held for sale.

In the consolidated statements of comprehensive income of the reporting period and the prior comparable year, income and expenses from discontinued operations are reported separately from income and expenses from continuing operations and shown as profit for the year from discontinued operation in the line item next to profit for the year from continuing operations.

5.20 Premium reserve/life insurance premium reserve

Non-life insurance contract

Premium insurance reserve comprise with unearned premium reserve and unexpired risks reserve.

a) Unearned premium reserve

Unearned premium reserve is calculated based on direct premium before deducting premium ceded as follows:

Transportation (cargo), travelling accident with coverage periods of not over six-months	-	100% of premium as from the date policy is effective, throughout the period of insurance coverage
Others	-	Monthly average basis (the one-twenty fourth basis)

b) Unexpired risks reserve

Unexpired risks reserve is the reserve for the future claims that may be incurred in respect of in-force policies. Unexpired risks reserve is set aside using an actuarial method, at the best estimate of the claims that are expected be incurred during the remaining period of coverage, based on historical claims data.

At the end of each reporting date, the subsidiary compares the amounts of unexpired risks reserve with the unearned premium reserve, and if unexpired risks reserve is higher than unearned premium reserve, the difference is recognised as unexpired risks reserve in the financial statements.

Life insurance contract

Life assurance policy reserve represents the accumulated total liabilities for estimated future claims under all policies in force as at the financial statement date.

Subsidiaries determine life assurance policy reserve under long-term policies by using the higher of the net level premium valuation method (NPV) and the gross premium valuation method (GPV).

Life assurance policy reserve under NPV method is a type of actuarial method with the main assumptions used relating to mortality rate, morbidity rate, longevity and discount rates.

Calculation of life assurance policy reserve under GPV method is another type of actuarial method with main assumptions used relating to lapse rate or surrender rate, selling and administrative expenses, mortality and morbidity rate, discount rates and non-guaranteed dividend rate. This calculation method is in compliance with the bases stipulated in the Office of Insurance Committee (“OIC”)’s notification regarding valuation of assets and liabilities of life insurance company.

5.21 Loss reserve and outstanding claims/Benefits payment to life policy

Non-life insurance contract

Outstanding claims are recorded at the actual amount to be paid. Loss reserve is recorded upon the receipt of the claims advice from the insured based on the number of claims notified by the insured and estimates made by a subsidiary’s management. The estimated value of losses is limited to not more than the sum insured of the related insurance policies.

In addition, the subsidiaries set up additional reserve for incurred but not reported (IBNR) claims using an actuarial method based on a best estimate of claims which are expected to be paid in the future for losses occurring before or as at the reporting date, including both reported and unreported claims, and net of recorded claims.

Life insurance contract

Benefits paid under life policies are provided for upon receipt of the claims advices from the insured or in accordance with the conditions of the policy.

5.22 Long-term leases

Leases that transfer substantially all the risks and rewards of ownership to the Bank and its subsidiaries are classified as financial leases. Financial leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in other payables, while the interest element is charged to profit or loss in the statement of comprehensive income over the lease period. Assets acquired under finance leases are depreciated over their estimated useful lives.

Leases of assets which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised expenses on a straight-line basis over the lease term.

5.23 Financial derivatives

The Bank and its subsidiaries have entered into derivative financial instruments in order to manage risk of the Bank and its subsidiaries and in response to customer needs.

Financial derivative contracts which were originated for trading purposes are recorded as off-balance items. Gains or losses arising from changes in the fair value of the contracts are recognised as part of profit or loss in the statement of comprehensive income. The fair values of the contracts are based on the quoted market prices. If the fair value of financial derivatives cannot be determined with reference to market price, it is determined using valuation techniques and models, in which the variables used are derived from observable markets factors.

Other financial derivative contracts (forward foreign currency contracts, interest rate swap contracts and cross currency and interest rate swap contracts) which were not originated for trading purposes are recorded as off-balance items, and presented on an accrual basis. Foreign currency components are translated at the year-end exchange rate, in the same manner as the hedged items, with unrealised gains or losses on translation recognised as part of profit or loss in the statement of comprehensive income. Interest rate components are presented on an accrual basis, in the same manner as the hedged assets or liabilities, with gains or losses recorded to interest income and interest expense over the terms of the contracts. Receivables and payables under foreign exchange contracts are presented at the net amount in the statement of financial position.

5.24 Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by, the Bank and its subsidiaries, whether directly or indirectly, or which are under common control with the Bank and its subsidiaries.

They also include associated companies and individuals which directly or indirectly own a voting interest in the Bank and its subsidiaries that give them significant influence over the Bank and its subsidiaries, key management personnel, directors and officers with authority in the planning and direction of the Bank's and its subsidiaries' operations.

5.25 Impairment of assets

At the end of each reporting date, the Bank and its subsidiaries assess whether there is an indication that an asset may be impaired. The Bank and its subsidiaries perform impairment review whenever events or changes in circumstances indicate that an asset may be impaired. Loss on impairment is recognised when the asset's recoverable amount is less than the book value. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Fair value less costs to sell reflects the amount that the Bank and its subsidiaries could obtain at the financial reporting date from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The Bank and its subsidiaries recognise impairment losses as expenses in part of profit or loss in the statement of comprehensive income.

In assessing impairment of asset other than goodwill, if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Bank and its subsidiaries estimate the asset's recoverable amount. A previously recognised impairment loss for assets other than goodwill is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in part of profit or loss in the statement of comprehensive income.

5.26 Employee benefits

a) Short-term employee benefits

The Bank and its subsidiaries recognised short-term employee benefits, such as salary, wages, bonuses, contributions to the social security fund, and vacation, as expenses when incurred.

b) Post-employment benefits (Defined contribution plans)

The Bank, its subsidiaries and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Bank and its subsidiaries. The fund's assets are held in a separate trust fund, and the Bank and its subsidiaries' contributions are recognised as expenses when incurred.

c) Post-employment benefits (Defined benefit plans)

The Bank and its subsidiaries have obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Bank and its subsidiaries treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary, using the projected unit credit method.

Actuarial gains and losses arising from post employment benefits are recognised immediately in profit or loss in the statement of comprehensive income.

5.27 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which are also the Bank and its subsidiaries' functional currency. Items of each entity included in the consolidated financial statements of each entity are measured using the functional currency of that entity.

Foreign currency transactions are translated into Baht at the exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies and commitment outstanding on the financial reporting date have been translated into Baht at the rates ruling at the reporting date.

Exchange gains and losses arising from trading or translation of foreign currencies are included in determining income.

5.28 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Bank and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Bank and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Bank and its subsidiaries record deferred tax directly to equity if the tax relates to items that are recorded directly to equity.

5.29 Provisions

Provisions are recognised when the Bank and its subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

6. Significant accounting judgments and estimates

The preparation of financial statements in conformity with Thai Financial Reporting Standards at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgments and estimates are as follows:

6.1 Recognition and derecognition of assets and liabilities

In considering whether to recognise or to derecognise assets or liabilities, the management is required to make judgment on whether significant risk and rewards of those assets or liabilities have been transferred, based on their best knowledge of the current events and arrangements.

6.2 Allowance for doubtful accounts for loans and allowance for impairment of investment in receivables

Allowance for doubtful accounts for loans and allowance for impairment of investment in receivables are intended to adjust the value of loans for probable credit losses. The management uses the BOT's and SEC's regulations regarding the provision of allowance for doubtful accounts and judgments to estimate losses on outstanding loans when there is any doubt about the borrower's capability to repay the principal and/or the interest. The allowances for loan losses are determined through a combination of specific reviews, probability of default, value of collateral and current economic conditions.

6.3 Allowance for impairment of investments in securities

The Bank and its subsidiaries review an impairment of investments in securities when indication of impairment exists. The determination of what is indication of impairment requires the management's judgment.

6.4 Fair value of financial instruments

In determining the fair value of financial instruments that are not actively traded and for which quoted market prices are not readily available, the management exercised judgment, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of liquidity, correlation and longer-term volatility of financial instruments.

6.5 Allowance for impairment of property foreclosed

The Bank and its subsidiaries assess allowance for impairment of property foreclosed when net realisable value falls below the book value. The management uses the BOT's regulation and judgment to estimate impairment losses, taking into consideration the latest appraisal value, the type and the nature of the assets.

6.6 Land, premises and equipment/Depreciation

In determining depreciation of premises and equipment, the management is required to make estimates of the useful lives and salvage values of the premises and equipment, and to review these estimated useful lives and salvage values when there are any changes.

In addition, the management assesses whether there are indicators of the impairment of land, premises and equipment, and record impairment losses in the period when it is determined that the recoverable amounts are lower than the carrying amounts. This requires judgments in terms of forecasting future revenues and expenses relating to the assets subject to the review.

6.7 Goodwill and intangible assets

The initial recognition and measurement of goodwill and intangible assets, and subsequent impairment testing, require management to exercise judgment as to the recoverable amount to be generated by the asset, using the discounted cash flows method, and including the selection of a suitable discount rate in order to determine the present value of that cash flow. The estimated cash flows may differ as a result of competitive forces, or changes in revenue trends, cost structures, and the discount rate, industry circumstances or related market conditions.

6.8 Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that future taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimated future taxable profits.

6.9 Finance lease/Operating lease

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgment regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

6.10 Loss sharing from transfer of non-performing loans to TAMC

In estimating losses arising from the transfer of non-performing loans to the Thai Asset Management Corporation (“TAMC”), the Bank uses the latest information received from TAMC and projections of the amounts expected to be received from the debtors or from debtors’ collateral value. The management uses judgment in determining the assumptions as to the percentage on the amount expected to be recovered from the debt restructuring agreement, or as to collateral value. The management considers these assumptions to be appropriate given the current available information and current situation.

6.11 Unearned premium/Life insurance premium reserve

Unexpired risk reserve is calculated under an actuarial method, which reflects the best estimate of losses expected to be incurred over the remaining period of the insurance.

Life assurance policy reserve is calculated under an actuarial method, based on the best estimate at that time, which reflects current assumptions or assumption established at inception of the contract. Such reserve requires the management to exercise judgment in order to reflect the best estimates at that time.

6.12 Loss reserve and outstanding claims

At the end of each reporting date, subsidiaries estimate loss reserves and outstanding claims in two parts; loss incurred for which the claims advice has been received from the insured, and loss incurred but not yet reported (IBNR). The IBNR reserve is calculated using an international standard actuarial method. The main assumptions underlying these techniques relate to historical claims experience, including development of estimates of paid and incurred losses, average costs per claim, and claim numbers. Such estimates require the management to exercise judgment in order to reflect the best estimates available at that time.

6.13 Post-employment benefits under defined benefit plans

Obligations under the defined benefit plan are determined by using actuarial technique. Such determination is made based on various assumptions, including discount rate, future salary increase rate, staff turnover rate, and mortality rate, based on their best knowledge of current situation.

6.14 Litigation and contingent liabilities

The Bank and its subsidiaries have contingent liabilities as a result of litigation and contingent liabilities as a result of transfer of business and transfer of non-performing assets. The management has used judgment to assess of the results of the litigation, and in case where they believe that there will be no losses, they will not provide provisions and contingent liabilities.

7. Interbank and money market items (assets)

(Unit: Million Baht)

	Consolidated financial statements					
	2013			2012		
	At call	Term	Total	At call	Term	Total
Domestic						
Bank of Thailand and Financial Institutions Development Fund	8,251	1,500	9,751	8,282	2,000	10,282
Commercial banks	601	23,047	23,648	1,106	20,414	21,520
Specialised financial institutions	71	99	170	68	29	97
Other financial institutions	369	23,803	24,172	300	23,634	23,934
Total	9,292	48,449	57,741	9,756	46,077	55,833
Add: Accrued interest receivables	1	43	44	10	43	53
Less: Allowance for doubtful accounts	-	(231)	(231)	-	(217)	(217)
Total domestic items	9,293	48,261	57,554	9,766	45,903	55,669
Foreign						
US Dollar	719	10,663	11,382	244	15,478	15,722
Euro	34	-	34	50	-	50
Others	165	541	706	317	-	317
Total	918	11,204	12,122	611	15,478	16,089
Add: Accrued interest receivables	-	32	32	-	208	208
Less: Deferred revenues	-	(2)	(2)	-	-	-
Less: Allowance for doubtful accounts	-	(9)	(9)	-	(3)	(3)
Total foreign items	918	11,225	12,143	611	15,683	16,294
Total	10,211	59,486	69,697	10,377	61,586	71,963

(Unit: Million Baht)

	Separate financial statements					
	2013			2012		
	At call	Term	Total	At call	Term	Total
Domestic						
Bank of Thailand and Financial Institutions Development Fund	8,251	1,500	9,751	8,282	2,000	10,282
Commercial banks	378	19,250	19,628	395	15,000	15,395
Specialised financial institutions	64	-	64	61	-	61
Other financial institutions	919	23,804	24,723	300	23,834	24,134
Total	9,612	44,554	54,166	9,038	40,834	49,872
Add: Accrued interest receivables	1	22	23	-	17	17
Less: Allowance for doubtful accounts	(6)	(231)	(237)	-	(219)	(219)
Total domestic items	9,607	44,345	53,952	9,038	40,632	49,670
Foreign						
US Dollar	719	10,663	11,382	244	15,478	15,722
Euro	34	-	34	50	-	50
Others	165	541	706	317	-	317
Total	918	11,204	12,122	611	15,478	16,089
Add: Accrued interest receivables	-	32	32	-	208	208
Less: Deferred revenues	-	(2)	(2)	-	-	-
Less: Allowance for doubtful accounts	-	(9)	(9)	-	(3)	(3)
Total foreign items	918	11,225	12,143	611	15,683	16,294
Total	10,525	55,570	66,095	9,649	56,315	65,964

As at 31 December 2013, the Bank had loan to a subsidiary company, which was a financial institution, of Baht 550 million in the separate financial statements (2012: Baht 200 million).

8. Derivatives

As at 31 December 2013 and 2012, the notional amount and the fair value of trading derivatives, and the adjustments made on an accrual basis for hedging derivatives (banking book), were classified by type of risk as follow.

(Unit: Million Baht)

	Consolidated financial statements					
	2013			2012		
	Fair value/Adjustment on an accrual basis		Notional amount*	Fair value/Adjustment on an accrual basis		Notional amount*
	Assets	Liabilities		Assets	Liabilities	
Types of risk						
Foreign exchange rate						
Derivatives for trading	1,260	1,356	73,700	766	674	77,561
Derivatives for banking book	12	878	23,142	316	19	27,038
Interest rate						
Derivatives for trading	2,569	2,534	280,730	493	490	101,254
Derivatives for banking book	-	-	26,100	-	-	26,100
Foreign exchange rate and interest rate						
Derivatives for trading	24	18	1,640	18	6	1,595
Derivatives for banking book	49	914	12,754	584	13	10,650
Others						
Derivatives for trading	-	1	281	-	4	54
Total	3,914	5,701	418,347	2,177	1,206	244,252

* Disclosed only in case that the Bank and its subsidiaries have an obligation to pay

(Unit: Million Baht)

	Separate financial statements					
	2013			2012		
	Fair value/Adjustment on an accrual basis		Notional amount*	Fair value/Adjustment on an accrual basis		Notional amount*
	Assets	Liabilities		Assets	Liabilities	
Types of risk						
Foreign exchange rate						
Derivatives for trading	1,260	1,353	73,700	766	674	77,579
Derivatives for banking book	12	878	23,142	316	19	27,038
Interest rate						
Derivatives for trading	2,569	2,534	280,730	493	490	101,254
Derivatives for banking book	-	-	26,100	-	-	26,100
Foreign exchange rate and interest rate						
Derivatives for trading	24	18	1,640	18	6	1,595
Derivatives for banking book	49	914	12,754	584	13	10,650
Total	3,914	5,697	418,066	2,177	1,202	244,216

* Disclosed only in case that the Bank has an obligation to pay

Derivatives for banking book are obligations under contracts which are not held for trading, and are measured on an accrual basis. Gain (loss) on exchange at the end of the year is presented under derivatives assets/derivatives liabilities. Accrued interest receivables (payables) per the contracts are recorded as receivables and payables in other assets/other liabilities.

Below are the proportions of trading derivatives transactions classified by counterparty, determined based on the notional amount, as at 31 December 2013 and 2012.

Counterparties	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	Percent	Percent	Percent	Percent
Financial institutions	95.83	90.99	95.83	90.99
Companies within Thanachart Group	-	-	0.07	0.03
Third parties	4.17	9.01	4.10	8.98
Total	100.00	100.00	100.00	100.00

9. Investments

9.1 Classified by type of investments

(Unit: Million Baht)

	Consolidated financial statements				Separate financial statements			
	2013		2012		2013		2012	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
Trading securities								
Government and state enterprises								
securities	5,150	4,975	5,745	5,643	1,614	1,618	1,638	1,639
Private debt securities	5,266	5,214	5,683	5,736	36	36	35	35
Foreign debt securities	-	-	620	628	-	-	620	628
Domestic marketable equity								
securities	17	16	16	16	-	-	-	-
	10,433	10,205	12,064	12,023	1,650	1,654	2,293	2,302
Add (less): Allowance for change in value	(228)		(41)		4		9	
Net	10,205		12,023		1,654		2,302	
Available-for-sale securities								
Government and state enterprises								
securities	71,398	71,805	55,220	55,433	70,619	71,027	49,044	49,247
Private debt securities	25,480	25,686	29,669	30,063	22,481	22,661	19,091	19,331
Foreign debt securities	14,691	14,543	11,485	11,746	14,691	14,543	11,485	11,746
Domestic marketable equity								
securities	987	1,344	7,062	7,691	868	859	5,860	6,119
	112,556	113,378	103,436	104,933	108,659	109,090	85,480	86,443
Add: Allowance for change in value	822		1,497		431		963	
Net	113,378		104,933		109,090		86,443	

(Unit: Million Baht)

	Consolidated financial statements				Separate financial statements			
	2013		2012		2013		2012	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
Held-to-maturity debt securities								
Government and state enterprises securities	10,986	11,286	21,756	22,496	10,944	11,244	12,734	13,108
Private debt securities	352	369	2,731	2,802	300	317	800	829
Investment in receivables purchased	2	1	5	3	2	1	5	3
	11,340	11,656	24,492	25,301	11,246	11,562	13,539	13,940
Less: Allowance for impairment	(1)		(1)		(1)		(1)	
Net	11,339		24,491		11,245		13,538	
General investment								
Investment in property fund	87		564		87		564	
Domestic non-marketable equity securities	3,799		4,111		3,781		4,093	
Foreign non-marketable equity securities	39		39		39		39	
	3,925		4,714		3,907		4,696	
Less: Allowance for impairment	(22)		(55)		(22)		(55)	
Net	3,903		4,659		3,885		4,641	
Total investment - net	138,825		146,106		125,874		106,924	

9.2 Classified by remaining period of debt securities

(Unit: Million Baht)

	Consolidated financial statements							
	2013				2012			
	Due within				Due within			
	Less than 1 year	1 - 5 years	Over 5 years	Total	Less than 1 year	1 - 5 years	Over 5 years	Total
Available-for-sale securities								
Government and state enterprises securities	21,384	42,482	7,532	71,398	28,698	26,463	59	55,220
Private debt securities	2,894	19,173	3,413	25,480	955	20,074	8,640	29,669
Foreign debt securities	2,921	11,439	331	14,691	2,647	7,290	1,548	11,485
Total	27,199	73,094	11,276	111,569	32,300	53,827	10,247	96,374
Add (less): Allowance for change in value	84	401	(20)	465	72	626	170	868
Total	27,283	73,495	11,256	112,034	32,372	54,453	10,417	97,242
Held-to-maturity debt securities								
Government and state enterprises securities	-	10,944	42	10,986	2,883	13,383	5,490	21,756
Private debt securities	177	25	150	352	1,326	1,227	178	2,731
Investment in receivables purchased	2	-	-	2	2	3	-	5
Total	179	10,969	192	11,340	4,211	14,613	5,668	24,492
Less: Allowance for impairment	(1)	-	-	(1)	(1)	-	-	(1)
Total	178	10,969	192	11,339	4,210	14,613	5,668	24,491
Total debt securities	27,461	84,464	11,448	123,373	36,582	69,066	16,085	121,733

(Unit: Million Baht)

	Separate financial statements							
	2013				2012			
	Due within				Due within			
	Less than 1 year	1 - 5 years	Over 5 years	Total	Less than 1 year	1 - 5 years	Over 5 years	Total
Available-for-sale securities								
Government and state enterprises securities	20,933	42,368	7,318	70,619	22,945	26,099	-	49,044
Private debt securities	2,370	17,706	2,405	22,481	575	16,966	1,550	19,091
Foreign debt securities	2,921	11,439	331	14,691	2,647	7,290	1,548	11,485
Total	26,224	71,513	10,054	107,791	26,167	50,355	3,098	79,620
Add (less): Allowance for change in value	80	384	(24)	440	70	585	49	704
Total	26,304	71,897	10,030	108,231	26,237	50,940	3,147	80,324
Held-to-maturity debt securities								
Government and state enterprises securities	-	10,944	-	10,944	1,785	10,949	-	12,734
Private debt securities	150	-	150	300	500	150	150	800
Investment in receivables purchased	2	-	-	2	2	3	-	5
Total	152	10,944	150	11,246	2,287	11,102	150	13,539
Less: Allowance for impairment	(1)	-	-	(1)	(1)	-	-	(1)
Total	151	10,944	150	11,245	2,286	11,102	150	13,538
Total debt securities	26,455	82,841	10,180	119,476	28,523	62,042	3,297	93,862

9.3 As at 31 December 2013, the Bank and its subsidiaries recorded no revaluation deficit arising from transfers of investments in debt securities in either the consolidated or separate financial statements (2012: Baht 9 million in the consolidated financial statements and Baht 4 million in the separate financial statements).

9.4 Investments in securities in which the Bank and its subsidiaries hold not less than 10 percent of the equity of the investee

As at 31 December 2013 and 2012, investments in companies which the Bank and its subsidiaries hold not less than 10 percent of the equity of the investee, but which are not treated as subsidiaries or associated companies, separated by industry as follow:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Banking and finance sector	142	1,440	142	549
Hotel	-	311	-	311

Investments in banking and finance sector as mentioned above include investments in unit trusts in which the Bank and its subsidiaries hold not less than 20 percent of the units issued. The Bank and its subsidiaries do not treat these investments as investments in subsidiaries or associates because the Bank and its subsidiaries do not have control or influence over the financial and operating policies of these funds, which are independently managed by fund managers in accordance with the details of each fund project, and are under the supervision of the SEC. The Bank and its subsidiaries therefore record them as available-for-sale or general investments, based on their investment objectives.

Securities	Consolidated financial statements				Separate financial statements			
	2013		2012		2013		2012	
	Net book value	Percentage of holding	Net book value	Percentage of holding	Net book value	Percentage of holding	Net book value	Percentage of holding
	Million Baht	Percent	Million Baht	Percent	Million Baht	Percent	Million Baht	Percent
Business Strategic Fund	-	-	278	67.33	-	-	278	67.33
Thanachart Long Term Fixed Income Fund	-	-	61	27.79	-	-	-	-
SCB Foreign Fix Income Fund 1Y22	-	-	829	23.53	-	-	-	-
Hua Hin Property Fund	-	-	121	100.00	-	-	121	100.00

10. Investments in subsidiary and associated companies

10.1 Separate financial statements

As at 31 December 2013 and 2012, investments in subsidiary and associated companies in the separate financial statements stated under the cost method, consist of investment in ordinary shares of the following subsidiary and associated companies:

(Unit: Million Baht)

Company's name	Separate financial statements							
	Paid-up share capital		Percentage of holding		Value of investment under the cost method		Dividend income for the years	
	2013	2012	2013	2012	2013	2012	2013	2012
<u>Subsidiary companies</u>								
SCIB Plc.	21,128	21,128	99.98	99.98	1,385	1,913	-	-
TS Asset Management Co., Ltd.	2,000	2,000	100	100	2,000	2,000	-	-
Thanachart Securities Plc.	1,500	1,500	100	100	1,858	1,858	431	270
Ratchthani Leasing Plc.	1,611	1,342	65.18	65.18	1,201	1,201	26	70
Thanachart Insurance Plc.	740	740	100	100	867	867	500	-
Siam City Life Assurance Plc.	700	700	100	100	761	761	-	-
Thanachart Life Assurance Plc.	-	3,285	-	100	-	3,721	-	2,785
Thanachart Group Leasing Co., Ltd.	360	360	100	100	400	400	104	94
Thanachart Broker Co., Ltd.	100	100	100	100	104	104	110	75
Thanachart Fund Management Co., Ltd.	100	100	75	75	97	97	109	67
SCIB Service Co., Ltd.	10	10	100	100	5	5	-	1
Thanachart Management and Services Co., Ltd.	6	6	100	100	6	6	-	-
Thanachart Training and Development Co., Ltd.	5	5	100	100	5	5	20	15
Total investments in subsidiary companies					8,689	12,938	1,300	3,377
Less: Allowance for impairment					(5)	(5)		
Total investments in subsidiary companies - net					8,684	12,933		
<u>Associated company</u>								
MBK Plc.	1,886	1,886	4.07	4.07	821	821	42	21
Total investments in associated company					821	821	42	21
Total investments in subsidiary and associated companies					9,505	13,754	1,342	3,398

In February 2013, SCIB Plc. returned capital to its shareholders at a rate of Baht 0.25 per share, totaling Baht 528 million. The Bank therefore recognised this amount by deducting it against the value of its investments.

In May 2013, The Bank disposed of investments in common shares of Thanachart Life Assurance Plc. amounting to Baht 18,440 million, with gain on disposal of Baht 13,128 million.

10.2 Consolidated financial statements

As at 31 December 2013 and 2012, investments in associated companies, which presented under the equity method, in the consolidated financial statements consist of investments in ordinary shares of the following companies which operate in Thailand:

Company's name	Paid-up share capital		Percentage of holding		Value of investment				Dividend income for the years		Share of profit (loss) for the years	
	2013	2012	2013	2012	Cost method		Equity method		2013	2012	2013	2012
					2013	2012	2013	2012				
MBK Plc. (operating in property rental, hotel and services business)	1,886	1,886	9.90	9.90	984	984	1,835	1,576	103	98	415	175
Siam Samsung Life Insurance Co., Ltd. (operating in life insurance business)	-	-	-	-	-	-	-	-	-	-	-	(25)
Total investments in associated companies					984	984	1,835	1,576	103	98	415	150

The Bank and its subsidiaries classified investment in MBK Plc. as investment in an associated company since the Parent company, the Bank and its subsidiaries had significant influence in that company.

In March 2012, Siam Samsung Life Insurance Co., Ltd. issued additional share capital but the Bank did not exercise its right to purchase the new shares. As a result, the Bank's shareholding decreased from 25 percent to 19.23 percent of the total shares in issue and the investment therefore changed from investment in an associated company to general investment. The value of the investment on the date of the change is treated as the new cost of investment.

10.3 Summarised financial information of an associated company

- a) Summarised financial information of MBK Plc. as at 30 September 2013 and 2012 and for the years then ended is as follows:

(Unit: Million Baht)

Paid-up share capital		Total assets		Total liabilities		Total income for the years ended		Profit for the years ended	
30 September		30 September		30 September		30 September		30 September	
2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
1,886	1,886	39,584	30,499	23,617	15,008	12,923	8,953	4,195	1,761

The share of profit from investment in MBK Plc. accounted for under the equity method was determined based on financial statements of MBK Plc. that were prepared for periods different from those of the Bank, due to limited information available. However, they are financial statements prepared for the same length of time and based on the principle of consistency. Therefore, share of profit of the associate under the equity method for the year ended 31 December 2013 was determined based on financial statements that were prepared with reference to financial statements for the year ended 30 September 2013 that had been audited or reviewed by the associate's auditor and adjusted for the effect of differences in accounting policies by the Bank's management. In addition, the Bank's management considered that the income for the year ended 30 September 2013 is not materially different from the income for the year ended 31 December 2013.

- b) Summarised financial information of Siam Samsung Life Insurance Co., Ltd. as at 31 December 2013 and 2012 and for the years then ended are as follows:

(Unit: Million Baht)

Company's name	Paid-up share capital		Total assets		Total liabilities		Total income for the years		Profit (loss) for the years	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	Siam Samsung Life Insurance Co., Ltd.	-	-	-	-	-	-	-	270	-

Income, profit or loss and shares of profit (loss) from investments in associated companies were determined based on the financial statements of those companies for the period starting from the date that the Bank and/or the subsidiaries invested in such companies, in proportion to the shareholding interest, and until the Bank disposed of such investment or its status was changed.

- c) As at 31 December 2013, the fair value of investment in an associated company (MBK Plc.), which is listed on the Stock Exchange of Thailand, amounting to Baht 2,606 million in the consolidated financial statements and Baht 1,072 million in the separate financial statements (2012: Baht 2,036 million in the consolidated financial statements and Baht 838 million in the separate financial statements).

10.4 Cash flow information of an asset management company that is a subsidiary

Cash flow information of TS Asset Management Company Limited, a subsidiary, for the years ended 31 December 2013 and 2012 is as follows:

	(Unit: Million Baht)	
	2013	2012
Cash flows from operating activities		
Profit before income tax	541	2,201
Adjustments to reconcile profit (loss) before income tax to net cash provided by (paid for) operating activities		
Reversal of bad debt and doubtful account	(290)	(1,811)
Increase in allowance for impairment of property foreclosed and other assets	17	21
Increase in provisions	1	-
Interest income - net	(351)	(358)
Cash received from interest income	540	619
Cash paid for interest expense	(179)	(253)
Cash paid for corporate income tax	(148)	(571)
Income (loss) from operating activities before changes in operating assets and liabilities	131	(152)
Decrease (increase) in operating assets		
Loans	980	2,749
Property foreclosed	284	439
Other assets	(13)	38
Increase (decrease) in operating liabilities		
Interbank and money market items	(1,505)	(3,762)
Provision	(3)	(23)
Other liabilities	69	(42)
Net cash flows used in operating activities	(57)	(753)
Cash flows from investing activities		
Cash paid for purchase of equipment	-	(1)
Net cash flows used in investing activities	-	(1)
Net decrease in cash and cash equivalents	(57)	(754)
Cash and cash equivalents at beginning of the year	118	872
Cash and cash equivalents at end of the year	61	118

11. Loans to customers and accrued interest receivables

11.1 Classified by loan type

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
<u>Loans to customers</u>				
Overdrafts	22,104	21,528	22,104	21,528
Loans	273,398	276,482	260,429	261,810
Notes receivable	49,535	54,597	54,090	60,657
Hire purchase receivables	501,914	454,777	470,286	432,067
Financial lease receivables	1,548	2,002	1,260	1,741
Others	201	212	201	212
Less: Deferred revenues	(62,000)	(58,148)	(57,876)	(54,992)
Total loans to customers net of deferred revenues	786,700	751,450	750,494	723,023
Add: Accrued interest receivables	1,009	1,066	985	1,030
Total loans to customers net of deferred revenues and accrued interest receivables	787,709	752,516	751,479	724,053
Less: Allowance for doubtful accounts				
1) BOT's minimum requirement provision				
- Individual Approach	(20,955)	(17,572)	(12,565)	(9,049)
- Collective Approach	(8,635)	(5,520)	(8,635)	(5,520)
2) Excess provision	(20)	(511)	(8)	(499)
Less: Revaluation allowance for debt restructuring	(301)	(344)	(301)	(344)
Loans to customers and accrued interest receivables - net	757,798	728,569	729,970	708,641
<u>Securities business receivables</u>				
Credit balances receivables	3,144	2,424	-	-
Other receivables	173	189	-	-
Total securities business receivables	3,317	2,613	-	-
Less: Allowance for doubtful accounts	(172)	(172)	-	-
Securities business receivables - net	3,145	2,441	-	-
Loans to customers and accrued interest receivables - net	760,943	731,010	729,970	708,641

11.2 Classified by currency and country

(Unit: Million Baht)

	Consolidated financial statements					
	2013			2012		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	767,017	-	767,017	729,983	485	730,468
US Dollar	17,384	5,318	22,702	19,472	3,393	22,865
Other currencies	298	-	298	361	369	730
Total*	784,699	5,318	790,017	749,816	4,247	754,063

* Total loans net of deferred revenues

(Unit: Million Baht)

	Separate financial statements					
	2013			2012		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	727,494	-	727,494	698,943	485	699,428
US Dollar	17,384	5,318	22,702	19,472	3,393	22,865
Other currencies	298	-	298	361	369	730
Total*	745,176	5,318	750,494	718,776	4,247	723,023

* Total loans net of deferred revenues

11.3 Classified by type of business and loan classification

(Unit: Million Baht)

	Consolidated financial statements							
	2013							
	The Bank and a subsidiary company which is a financial institution							
	Normal	Special mention	Sub- standard	Doubtful	Doubtful of loss	Total	Subsidiary companies	Consolidated
Agricultural and mining	11,180	32	21	577	179	11,989	2	11,991
Manufacturing and commerce	70,056	410	1,654	2,594	6,135	80,849	120	80,969
Real estate and construction	47,593	293	410	222	2,104	50,622	16	50,638
Public utilities and services	59,812	1,876	357	3,165	2,910	68,120	104	68,224
Personal consuming								
Housing loans	77,940	1,299	580	547	3,299	83,665	8	83,673
Securities business	-	-	-	-	-	-	3,317	3,317
Hire purchase	374,455	29,946	2,302	1,968	3,962	412,633	27,464	440,097
Others	25,304	976	699	160	857	27,996	213	28,209
Others	22,414	32	108	83	249	22,886	13	22,899
Total*	688,754	34,864	6,131	9,316	19,695	758,760	31,257	790,017

* Total loans net of deferred revenues

(Unit: Million Baht)

Consolidated financial statements

2012

The Bank and a subsidiary company which is a financial institution

	Normal	Special mention	Sub- standard	Doubtful	Doubtful of loss	Total	Subsidiary companies	Consolidated
Agricultural and mining	16,376	13	9	38	204	16,640	4	16,644
Manufacturing and commerce	75,514	1,267	2,395	1,603	7,945	88,724	89	88,813
Real estate and construction	46,506	1,080	179	359	3,192	51,316	9	51,325
Public utilities and services	55,949	3,500	355	598	2,752	63,154	109	63,263
Personal consuming								
Housing loans	77,192	1,051	438	666	3,271	82,618	3	82,621
Securities business	-	-	-	-	-	-	2,613	2,613
Hire purchase	351,384	20,701	1,143	982	3,075	377,285	19,588	396,873
Others	27,516	855	570	275	1,722	30,938	179	31,117
Others	20,190	30	176	8	373	20,777	17	20,794
Total*	670,627	28,497	5,265	4,529	22,534	731,452	22,611	754,063

* Total loans net of deferred revenues

(Unit: Million Baht)

Separate financial statements

2013

	Normal	Special mention	Substandard	Doubtful	Doubtful of loss	Total
Agricultural and mining	11,148	26	10	538	67	11,789
Manufacturing and commerce	69,778	361	328	614	3,623	74,704
Real estate and construction	47,518	275	391	221	1,130	49,535
Public utilities and services	58,505	1,869	279	2,845	1,566	65,064
Personal consuming						
Housing loans	77,784	1,269	557	528	2,230	82,368
Hire purchase	374,389	29,939	2,302	1,968	3,962	412,560
Others	25,274	972	693	133	378	27,450
Others	26,961	32	3	18	10	27,024
Total*	691,357	34,743	4,563	6,865	12,966	750,494

* Total loans net of deferred revenues

(Unit: Million Baht)

	Separate financial statements					Total
	2012					
	Normal	Special mention	Substandard	Doubtful	Doubtful of loss	
Agricultural and mining	16,312	12	8	38	60	16,430
Manufacturing and commerce	75,048	1,263	393	1,382	3,326	81,412
Real estate and construction	46,383	1,069	162	348	2,114	50,076
Public utilities and services	54,597	3,465	280	336	1,353	60,031
Personal consuming						
Housing loans	77,118	1,026	419	658	1,895	81,116
Hire purchase	351,384	20,701	1,143	982	3,075	377,285
Others	27,481	849	564	272	1,178	30,344
Others	26,249	30	5	8	37	26,329
Total*	674,572	28,415	2,974	4,024	13,038	723,023

* Total loans net of deferred revenues

11.4 Non-performing loans

As at 31 December 2013 and 2012, the Bank and its subsidiaries (securities and asset management business) had non-performing loans classified in accordance with the Notification of the BOT and SEC (debtors classified as substandard, doubtful and doubtful of loss) as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Non-performing loans (excluding accrued interest receivables)				
Banking business	24,393	20,036	24,394	20,036
Securities business	173	173	-	-
Asset management business	10,747	12,292	-	-

The above definition of non-performing loans does not include overdue loans which have been already restructured and are now qualified for classification as Normal or Special mention debt.

Additionally, the Bank and its subsidiaries engaged in the securities business had loans for which income recognition under an accrual basis has been discontinued, as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Banking business	24,417	19,896	24,418	19,896
Securities business	173	173	-	-

The subsidiary company engaged in the asset management business recognises income from loan on a cash basis.

11.5 Debt restructuring

During the years ended 31 December 2013 and 2012, the Bank and its subsidiaries, asset management and securities business, have entered into debt restructuring agreements with their debtors as follows:

Type of restructuring	Consolidated financial statements				
	For the years ended 31 December				
	Number of debtors	Outstanding balance before restructuring ⁽¹⁾	Outstanding balance after restructuring ⁽¹⁾	Type of assets to be transferred	Fair value of assets to be transferred under agreement
		Million Baht	Million Baht		
2013					
Transfer of ordinary shares (debt - equity swap)	1	21	21	Ordinary shares	-
Modification of repayment conditions	4,762	10,162	10,130		
Transfer of assets and/or ordinary shares and/or modification of repayment conditions	26	1,120	886	Land, land and building and movable assets	427
Total	4,789	11,303	11,037		
2012					
Modification of repayment conditions	15,232	16,078	13,151		
Transfer of assets and/or ordinary shares and/or modification of repayment conditions	34	1,293	1,118	Land, land and building , ordinary shares and unit trusts	1,129
Total	15,266	17,371	14,269		

(1) Presents the outstanding balance per the books of account (principal plus accrued interest receivable)

Separate financial statements					
For the years ended 31 December					
Type of restructuring	Number of debtors	Outstanding balance before restructuring ⁽¹⁾ Million Baht	Outstanding balance after restructuring ⁽¹⁾ Million Baht	Type of assets to be transferred	Fair value of assets to be transferred under agreement Million Baht
2013					
Modification of repayment conditions	4,499	6,570	6,570		
Transfer of assets and/or ordinary shares and/or modification of repayment conditions	19	270	270	Land and building	149
Total	4,518	6,840	6,840		
2012					
Modification of repayment conditions	14,988	7,217	7,217		
Transfer of assets and/or ordinary shares and/or modification of repayment conditions	15	670	508	Land, ordinary shares and unit trusts	489
Total	15,003	7,887	7,725		

(1) Presents the outstanding balance per the books of account (principal plus accrued interest receivable)

Counting from the end of the year, the remaining periods to maturity of receivables which entered into debt restructuring agreements during the years 2013 and 2012, are summarised below.

Consolidated financial statements				
Periods	2013		2012	
	Number of debtors	Outstanding balances after restructuring Million Baht	Number of debtors	Outstanding balances after restructuring Million Baht
Past due after restructuring	2,111	4,064	4,996	4,623
Due within the year	454	2,723	2,409	3,966
Less than 5 years	701	1,081	6,805	3,541
5 - 10 years	1,300	2,564	850	1,557
10 - 15 years	77	304	66	237
Over 15 years	146	301	140	345
Total	4,789	11,037	15,266	14,269

Periods	Separate financial statements			
	2013		2012	
	Number of debtors	Outstanding balances after restructuring	Number of debtors	Outstanding balances after restructuring
		Million Baht		Million Baht
Past due after restructuring	2,076	2,869	4,960	2,985
Due within the year	397	2,043	2,346	1,060
Less than 5 years	660	787	6,749	2,374
5 - 10 years	1,204	768	790	859
10 - 15 years	53	121	49	182
Over 15 years	128	252	109	265
Total	4,518	6,840	15,003	7,725

Supplemental information for the years 2013 and 2012 relating to restructured loan is as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Interest income recognised in the statements of comprehensive income	2,067	2,285	1,651	1,873
Cash repayment from receivables	11,227	12,090	9,661	8,537
Properties foreclosed received for debts settlement	829	1,684	551	1,043
Loss on debt restructuring (net of allowance for doubtful accounts as previously recorded)	5	15	5	15

As at 31 December 2013 and 2012, the Bank and its subsidiaries have the following restructured receivables balances (principal and accrued interest receivable):

	Restructured receivables							
	Total number of outstanding receivables		Number of receivables		Outstanding balances		Outstanding balances, net of collateral	
	2013	2012	2013	2012	2013	2012	2013	2012
					Million Baht	Million Baht	Million Baht	Million Baht
Thanachart Bank Plc.	1,861,434	1,719,657	43,138	53,284	20,222	24,058	10,983	14,604
Thanachart Securities Plc.	538	517	3	4	35	50	35	50
TS Asset Management Co., Ltd.	1,804	2,257	1,330	1,566	10,120	9,553	4,877	4,919

11.6 Hire purchase/Financial lease receivables

As at 31 December 2013 and 2012, hire purchase/financial lease receivables of the Bank and its subsidiaries, which are engaged in the hire purchase and financial lease business, mostly comprise hire purchase agreements or financial lease agreements for cars, trucks and motorcycles. The terms of the agreements are generally between 3 and 7 years and they carry interest at fixed rates stipulated in the agreements.

(Unit: Million Baht)

Consolidated financial statement as at 31 December 2013				
Amounts due under lease agreements				
	Less than			Total
	1 year*	1 - 5 years	Over 5 years	
Gross investment in the lease	141,793	341,001	20,668	503,462
Less: Unearned finance income	(22,924)	(38,057)	(962)	(61,943)
Present value of minimum lease payments receivables	118,869	302,944	19,706	441,519
Allowance for doubtful accounts				(10,366)
Hire purchase/Financial lease receivables - net				431,153

* Included non-performing receivables

(Unit: Million Baht)

Consolidated financial statement as at 31 December 2012				
Amounts due under lease agreements				
	Less than			Total
	1 year*	1 - 5 years	Over 5 years	
Gross investment in the lease	125,943	308,966	21,870	456,779
Less: Unearned finance income	(21,174)	(35,881)	(1,020)	(58,075)
Present value of minimum lease payments receivables	104,769	273,085	20,850	398,704
Allowance for doubtful accounts				(6,643)
Hire purchase/Financial lease receivables - net				392,061

* Included non-performing receivables

(Unit: Million Baht)

Separate financial statement as at 31 December 2013

	Amounts due under lease agreements			Total
	Less than 1 year*	1 - 5 years	Over 5 years	
Gross investment in the lease	140,289	310,724	20,533	471,546
Less: Unearned finance income	(22,871)	(34,008)	(941)	(57,820)
Present value of minimum lease payments receivables	117,418	276,716	19,592	413,726
Allowance for doubtful accounts				(8,995)
Hire purchase/Financial lease receivables - net				404,731

* Included non-performing receivables

(Unit: Million Baht)

Separate financial statement as at 31 December 2012

	Amounts due under lease agreements			Total
	Less than 1 year*	1 - 5 years	Over 5 years	
Gross investment in the lease	124,742	287,531	21,535	433,808
Less: Unearned finance income	(21,104)	(32,859)	(956)	(54,919)
Present value of minimum lease payments receivables	103,638	254,672	20,579	378,889
Allowance for doubtful accounts				(5,885)
Hire purchase/Financial lease receivables - net				373,004

* Included non-performing receivables

11.7 Classified by classification

As at 31 December 2013 and 2012, the Bank and its financial institution subsidiary (asset management business) classified and made allowances against their loans in accordance with the BOT's guidelines as summarised below.

(Unit: Million Baht)

	Consolidated financial statements ⁽¹⁾					
	Loans and accrued interest		Net balance used in made		Allowance for doubtful	
	receivables		allowance for doubtful		accounts	
	2013	2012	2013	2012	2013	2012
Normal	689,679	671,590	492,418	480,914	7,163	4,834
Special mention	34,903	28,554	31,413	22,591	4,217	1,475
Substandard	6,133	5,273	3,888	3,721	2,705	3,535
Doubtful	9,324	4,529	5,566	2,555	5,125	2,393
Doubtful of loss	19,724	22,563	10,300	10,514	9,022	10,109
Total	759,763	732,509	543,585	520,295	28,232	22,346
Additional allowance for possible uncollectability debts					8	499
Total					28,240	22,845

(1) Only the Bank and subsidiary company subject to BOT's regulations; and after deducting intragroup transactions.

(Unit: Million Baht)

	Separate financial statements					
	Loans and accrued interest		Net balance used in made		Allowance for doubtful	
	receivables		allowance for doubtful		accounts	
	2013	2012	2013	2012	2013	2012
Normal	692,285	675,527	495,610	485,339	5,845	3,260
Special mention	34,782	28,473	31,382	22,581	4,186	1,465
Substandard	4,565	2,975	3,265	1,975	2,082	1,790
Doubtful	6,865	4,024	3,576	2,264	3,135	2,102
Doubtful of loss	12,982	13,054	7,230	6,357	5,952	5,952
Total	751,479	724,053	541,063	518,516	21,200	14,569
Additional allowance for possible uncollectability debts					8	499
Total					21,208	15,068

Percentage of allowance for doubtful account

	The Banks' hire purchase receivables-			
	personal consumer ⁽²⁾		Other loans	
	2013	2012	2013	2012
Normal	0.58	0.2	1	1
Special mention	8.49	3.5	2	2
Substandard	47.13	83.14	100	100
Doubtful	41.73	83.14	100	100
Doubtful of loss	57.91	83.14	100	100

(2) These percentages are average rates used in setting up allowance for doubtful accounts

11.8 Loan to companies which have settlement problems

As at 31 December 2013 and 2012, loans of the Bank and its subsidiaries (which engaged in asset management and hire purchase and financial lease business) in the consolidated financial statements and the separate financial statements included amounts due from companies with weak financial positions and poor operating results, as follows:

	Consolidated financial statements							
	Number of debtors		Debt balance		Collateral value		Allowance for doubtful accounts provided in the accounts	
	2013	2012	2013	2012	2013	2012	2013	2012
			Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
1. Listed companies possible to delisting from the SET	6	6	811	835	73	64	768	771
2. Non - listed companies with similar operating results and financial positions to listed companies possible to delisting from the SET	7	10	554	584	324	329	230	238
3. Companies which have loan settlement problems or have defaulted on the repayment	1,214	1,168	18,445	17,523	10,459	9,695	8,779	8,702

Separate financial statements

	Number of debtors		Debt balance		Collateral value		Allowance for doubtful accounts provided in the accounts	
	2013	2012	2013	2012	2013	2012	2013	2012
			Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
1. Listed companies possible to delisting from the SET	3	3	168	168	28	28	140	140
2. Non - listed companies with similar operating results and financial positions to listed companies possible to delisting from the SET	7	10	554	584	324	329	230	238
3. Companies which have loan settlement problems or have defaulted on the repayment	891	813	9,554	7,207	5,999	4,323	3,555	2,887

11.9 Classification of securities business receivables in accordance with the Notification of the Securities and Exchange Commission

As at 31 December 2013 and 2012, a subsidiary company operating in the securities business classified securities business receivables and accrued interest receivables, and provided related allowance for doubtful accounts, in accordance with the Notification of the Securities and Exchange Commission (SEC), as follows:

(Unit: Million Baht)

	Receivable balances		Allowance for doubtful accounts		Debt balances net of allowance for doubtful accounts	
	2013	2012	2013	2012	2013	2012
Normal	3,144	2,440	-	-	3,144	2,440
Substandard	3	5	2	4	1	1
Doubtful	170	168	170	168	-	-
Total	3,317	2,613	172	172	3,145	2,441

Allowance for doubtful accounts for substandard loans set aside by the subsidiary is higher than the minimum amount required by the SEC, and takes into account uncertainties as to collateral value and the risk from collection of such receivables.

11.10 Hire purchase/financial lease receivables of subsidiaries classified by aging

As at 31 December 2013 and 2012, hire purchase and financial lease receivables balances of subsidiary companies engaged in hire purchase and financial lease businesses are classified by the due date of the contracts (after elimination) as follows:

	(Unit: Million Baht)	
	2013	2012
Current or overdue not over 90 days	26,657	19,269
Overdue 91 - 365 days	712	249
Overdue more than 1 year	62	64
Debtors under legal actions	288	233
Total	27,719	19,815
Allowance for doubtful accounts provided in the accounts	1,370	758

11.11 As at 31 December 2013 and 2012, the Bank has loans to subsidiary companies as follows:

Company's name	Type of credit	Contract period as at 31 December 2013	Interest rate as at 31 December 2013	Outstanding balances	
				2013	2012
				Million Baht	Million Baht
TS Asset Management Co., Ltd.	Promissory note	At call	The Bank's cost of fund plus a fixed interest rate per annum	4,555	6,060
Total				4,555	6,060

12. Allowance for doubtful accounts

(Unit: Million Baht)

Consolidated financial statements									
For the year ended 31 December 2013									
The Bank and a subsidiary company which is a financial institution									
	Normal	Special mention	Sub-standard	Doubtful	Doubtful of loss	General provision	Total	Subsidiary companies	Consolidated
Balance - beginning of the year	4,834	1,475	3,535	2,393	10,109	499	22,845	930	23,775
Increase (decrease) during the year	2,329	2,742	(830)	2,732	4,459	(491)	10,941	664	11,605
Bad debts recovery	-	-	-	-	563	-	563	13	576
Bad debts written-off	-	-	-	-	(5,033)	-	(5,033)	(35)	(5,068)
Reversal from hair cut	-	-	-	-	(378)	-	(378)	-	(378)
Reversal from disposal of loans	-	-	-	-	(698)	-	(698)	(30)	(728)
Balance - end of the year	7,163	4,217	2,705	5,125	9,022	8	28,240	1,542	29,782

(Unit: Million Baht)

Consolidated financial statements									
For the year ended 31 December 2012									
The Bank and a subsidiary company which is a financial institution									
	Normal	Special mention	Sub- standard	Doubtful	Doubtful of loss	General provision	Total	Subsidiary companies	Consolidated
Balance - beginning of the year	3,970	722	3,870	7,507	8,348	383	24,800	1,098	25,898
Increase (decrease) during the year	871	753	(333)	(2,669)	4,236	116	2,974	(6)	2,968
Bad debts recovery	-	-	-	-	451	-	451	10	461
Bad debts written-off	-	-	-	-	(1,909)	-	(1,909)	(55)	(1,964)
Reversal from hair cut	(7)	-	(2)	(2,445)	(535)	-	(2,989)	(117)	(3,106)
Reversal from disposal of loans	-	-	-	-	(482)	-	(482)	-	(482)
Balance - end of the year	<u>4,834</u>	<u>1,475</u>	<u>3,535</u>	<u>2,393</u>	<u>10,109</u>	<u>499</u>	<u>22,845</u>	<u>930</u>	<u>23,775</u>

(Unit: Million Baht)

Separate financial statements							
For the year ended 31 December 2013							
	Normal	Special mention	Substandard	Doubtful	Doubtful of loss	General provision	Total
Balance - beginning of the year	3,260	1,465	1,790	2,102	5,952	499	15,068
Increase (decrease) during the year	2,585	2,721	292	1,033	5,075	(491)	11,215
Bad debts recovery	-	-	-	-	563	-	563
Bad debts written-off	-	-	-	-	(5,033)	-	(5,033)
Reversal from hair cut	-	-	-	-	(64)	-	(64)
Reversal from disposal of loans	-	-	-	-	(541)	-	(541)
Balance - end of the year	<u>5,845</u>	<u>4,186</u>	<u>2,082</u>	<u>3,135</u>	<u>5,952</u>	<u>8</u>	<u>21,208</u>

(Unit: Million Baht)

Separate financial statements							
For the year ended 31 December 2012							
	Normal	Special mention	Substandard	Doubtful	Doubtful of loss	General provision	Total
Balance - beginning of the year	2,812	721	1,500	1,791	5,278	383	12,485
Increase during the year	448	744	290	311	2,764	116	4,673
Bad debts recovery	-	-	-	-	451	-	451
Bad debts written-off	-	-	-	-	(1,909)	-	(1,909)
Reversal from hair cut	-	-	-	-	(150)	-	(150)
Reversal from disposal of loans	-	-	-	-	(482)	-	(482)
Balance - end of the year	<u>3,260</u>	<u>1,465</u>	<u>1,790</u>	<u>2,102</u>	<u>5,952</u>	<u>499</u>	<u>15,068</u>

13. Revaluation allowance for debt restructuring

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Balance - beginning of the year	344	382	344	382
Decrease during the year	-	(2)	-	(2)
Amortised during the year	(43)	(36)	(43)	(36)
Balance - end of the year	301	344	301	344

14. Classification of assets

As at 31 December 2013 and 2012, the quality of assets of the Bank and its financial institution subsidiary (asset management business) classified in accordance with the announcements of the Bank of Thailand are as follows:

(Unit: Million Baht)

	Consolidated financial statements					
	2013					
	Interbank and money market items	Loans to customers and accrued interest receivables	Investments	Property foreclosed	Other assets	Total
Normal	44,361	689,679	-	-	277	734,317
Special mention	-	34,903	-	-	135	35,038
Substandard	-	6,133	-	-	18	6,151
Doubtful	-	9,324	-	-	16	9,340
Doubtful of loss	-	19,724	293	301	260	20,578
Total	44,361	759,763	293	301	706	805,424

(Unit: Million Baht)

	Consolidated financial statements					
	2012					
	Interbank and money market items	Loans to customers and accrued interest receivables	Investments	Property foreclosed	Other assets	Total
Normal	39,224	671,590	-	-	199	711,013
Special mention	-	28,554	-	-	93	28,647
Substandard	-	5,273	-	-	7	5,280
Doubtful	-	4,529	-	-	6	4,535
Doubtful of loss	-	22,563	56	179	247	23,045
Total	39,224	732,509	56	179	552	772,520

(Unit: Million Baht)

Separate financial statements

	2013					
	Loans to			Property		
	Interbank and	customers and				
	money market	accrued interest	Investments	foreclosed	Other assets	Total
	items	receivables				
Normal	44,911	692,285	-	-	277	737,473
Special mention	-	34,782	-	-	135	34,917
Substandard	-	4,565	-	-	18	4,583
Doubtful	-	6,865	-	-	16	6,881
Doubtful of loss	-	12,982	298	264	246	13,790
Total	44,911	751,479	298	264	692	797,644

(Unit: Million Baht)

Separate financial statements

	2012					
	Loans to			Property		
	Interbank and	customers and				
	money market	accrued interest	Investments	foreclosed	Other assets	Total
	items	receivables				
Normal	39,424	675,527	-	-	199	715,150
Special mention	-	28,473	-	-	93	28,566
Substandard	-	2,975	-	-	7	2,982
Doubtful	-	4,024	-	-	6	4,030
Doubtful of loss	-	13,054	61	152	241	13,508
Total	39,424	724,053	61	152	546	764,236

15. Property foreclosed

(Unit: Million Baht)

Consolidated financial statements					
For the year ended 31 December 2013					
Balance - beginning of the year	Additions	Disposals	Change appraiser	Balance - end of the year	
Assets transferred in settlement of debts					
Immovable assets					
External appraiser	5,199	293	(970)	30	4,552
Internal appraiser	30	4	(4)	(30)	-
Movable assets	674	8,058	(7,449)	-	1,283
Assets foreclosed from purchase by bid on the open market					
Immovable assets					
External appraiser	443	167	(84)	4	530
Internal appraiser	3	1	-	(4)	-
Non-used branches					
External appraiser	300	87	(146)	-	241
Total property foreclosed	6,649	8,610	(8,653)	-	6,606
Less: Allowance for impairment	(188)	(851)	724	-	(315)
Property foreclosed - net	6,461	7,759	(7,929)	-	6,291

(Unit: Million Baht)

Consolidated financial statements					
For the year ended 31 December 2012					
Balance - beginning of the year	Additions	Disposals	Change appraiser	Balance - end of the year	
Assets transferred in settlement of debts					
Immovable assets					
External appraiser	5,615	737	(1,230)	77	5,199
Internal appraiser	97	14	(4)	(77)	30
Movable assets	365	4,777	(4,468)	-	674
Assets foreclosed from purchase by bid on the open market					
Immovable assets					
External appraiser	707	20	(342)	58	443
Internal appraiser	64	-	(3)	(58)	3
Non-used branches					
External appraiser	116	232	(48)	-	300
Total property foreclosed	6,964	5,780	(6,095)	-	6,649
Less: Allowance for impairment	(202)	(389)	403	-	(188)
Property foreclosed - net	6,762	5,391	(5,692)	-	6,461

(Unit: Million Baht)

Separate financial statements					
For the year ended 31 December 2013					
	Balance - beginning of the year	Additions	Disposals	Change appraiser	Balance - end of the year
Assets transferred in settlement of debts					
Immovable assets					
External appraiser	1,904	98	(564)	11	1,449
Internal appraiser	7	5	(1)	(11)	-
Movable assets	641	7,726	(7,224)	-	1,143
Assets foreclosed from purchase by bid on the open market					
Immovable assets					
External appraiser	464	41	(79)	2	428
Internal appraiser	2	-	-	(2)	-
Non-used branches					
External appraiser	300	87	(146)	-	241
Total property foreclosed	3,318	7,957	(8,014)	-	3,261
Less: Allowance for impairment	(152)	(811)	699	-	(264)
Property foreclosed - net	3,166	7,146	(7,315)	-	2,997

(Unit: Million Baht)

Separate financial statements					
For the year ended 31 December 2012					
	Balance - beginning of the year	Additions	Disposals	Change appraiser	Balance - end of the year
Assets transferred in settlement of debts					
Immovable assets					
External appraiser	2,564	108	(847)	79	1,904
Internal appraiser	89	1	(4)	(79)	7
Movable assets	345	4,583	(4,287)	-	641
Assets foreclosed from purchase by bid on the open market					
Immovable assets					
External appraiser	624	10	(228)	58	464
Internal appraiser	63	-	(3)	(58)	2
Non-used branches					
External appraiser	116	232	(48)	-	300
Total property foreclosed	3,801	4,934	(5,417)	-	3,318
Less: Allowance for impairment	(148)	(345)	341	-	(152)
Property foreclosed - net	3,653	4,589	(5,076)	-	3,166

16. Land, premises and equipment

(Unit: Million Baht)

Consolidated financial statements						
For the year ended 31 December 2013						
	Land	Buildings and building improvement	Furniture, fixtures and equipment	Vehicles	Assets under installation	Total
<u>Cost</u>						
31 December 2012	4,514	2,444	5,586	184	112	12,840
Additions	-	-	501	9	189	699
Decrease from disposal of a subsidiary company	-	(60)	(230)	(3)	-	(293)
Transfers/disposals	(59)	(25)	(86)	(62)	(138)	(370)
31 December 2013	4,455	2,359	5,771	128	163	12,876
<u>Accumulated depreciation</u>						
31 December 2012	-	308	3,997	143	-	4,448
Transfer/disposals	-	(2)	(202)	(59)	-	(263)
Decrease from disposal of a subsidiary company	-	(27)	(156)	(3)	-	(186)
Depreciation for the year	-	130	594	16	-	740
31 December 2013	-	409	4,233	97	-	4,739
<u>Allowance for impairment</u>						
31 December 2012	68	26	6	-	-	100
31 December 2013	68	26	6	-	-	100
<u>Net book value</u>						
31 December 2013	4,387	1,924	1,532	31	163	8,037
Depreciation charge for the year						740

(Unit: Million Baht)

Consolidated financial statements						
For the year ended 31 December 2012						
	Land	Buildings and building improvement	Furniture, fixtures and equipment	Vehicles	Assets under installation	Total
<u>Cost</u>						
31 December 2011	4,704	2,484	5,117	226	146	12,677
Additions	-	-	478	9	163	650
Transfers/disposals	(190)	(40)	(9)	(51)	(197)	(487)
31 December 2012	4,514	2,444	5,586	184	112	12,840
<u>Accumulated depreciation</u>						
31 December 2011	-	165	3,493	165	-	3,823
Transfer/disposals	-	3	(178)	(49)	-	(224)
Depreciation for the year	-	140	682	27	-	849
31 December 2012	-	308	3,997	143	-	4,448
<u>Allowance for impairment</u>						
31 December 2011	68	26	1	-	-	95
Increase during the year	-	-	5	-	-	5
31 December 2012	68	26	6	-	-	100
<u>Net book value</u>						
31 December 2012	4,446	2,110	1,583	41	112	8,292
Depreciation charge for the year						849

(Unit: Million Baht)

Separate financial statements						
For the year ended 31 December 2013						
	Land	Buildings and buildings improvement	Furniture, fixtures and equipment	Vehicles	Assets under installation	Total
<u>Cost</u>						
31 December 2012	4,429	2,267	4,048	79	105	10,928
Additions	-	-	435	1	183	619
Transfers/disposals	(59)	(25)	(34)	(26)	(126)	(270)
31 December 2013	4,370	2,242	4,449	54	162	11,277
<u>Accumulated depreciation</u>						
31 December 2012	-	229	2,709	58	-	2,996
Transfer/disposals	-	(2)	(147)	(24)	-	(173)
Depreciation for the year	-	126	527	9	-	662
31 December 2013	-	353	3,089	43	-	3,485
<u>Allowance for impairment</u>						
31 December 2012	-	-	5	-	-	5
31 December 2013	-	-	5	-	-	5
<u>Net book value</u>						
31 December 2013	4,370	1,889	1,355	11	162	7,787
Depreciation charge for the year						662

(Unit: Million Baht)

Separate financial statements						
For the year ended 31 December 2012						
	Land	Buildings and improvement	Furniture, fixtures and equipment	Vehicles	Assets under installation	Total
<u>Cost</u>						
31 December 2011	4,618	2,314	3,540	110	144	10,726
Additions	-	-	414	-	148	562
Transfers/disposals	(189)	(47)	94	(31)	(187)	(360)
31 December 2012	4,429	2,267	4,048	79	105	10,928
<u>Accumulated depreciation</u>						
31 December 2011	-	100	2,189	72	-	2,361
Transfers/disposals	-	(3)	(65)	(30)	-	(98)
Depreciation for the year	-	132	585	16	-	733
31 December 2012	-	229	2,709	58	-	2,996
<u>Allowance for impairment</u>						
31 December 2011	-	-	-	-	-	-
Increase during the year	-	-	5	-	-	5
31 December 2012	-	-	5	-	-	5
<u>Net book value</u>						
31 December 2012	4,429	2,038	1,334	21	105	7,927
Depreciation charge for the year						733

As at 31 December 2013 and 2012, the Bank and its subsidiaries have vehicles acquired under financial leases with net book values amounting to approximately Baht 15 million and Baht 22 million, respectively. In addition, the Bank and its subsidiaries have office equipment and vehicles which have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss amounted to approximately Baht 2,439 million and Baht 1,887 million, respectively (separate financial statements: the Bank have vehicles acquired under financial leases with net book values amounting to approximately Baht 12 million and Baht 18 million, respectively and have office equipment and vehicles which have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss amounted to approximately Baht 2,107 million and Baht 1,617 million, respectively).

17. Intangible assets

(Unit: Million Baht)

	Consolidated financial statements				
	For the year ended 31 December 2013				
	Intangible assets from business combination	Computer software	Membership fees for Thailand Futures Exchange and others	Computer software under development	Total
<u>Cost</u>					
31 December 2012	4,100	1,651	7	274	6,032
Additions	-	129	-	173	302
Decrease from disposal of a subsidiary company	-	(40)	-	(1)	(41)
Transfers/disposals	-	175	-	(206)	(31)
31 December 2013	4,100	1,915	7	240	6,262
<u>Accumulated amortisation</u>					
31 December 2012	1,140	531	7	-	1,678
Decrease from disposal of a subsidiary company	-	(22)	-	-	(22)
Amortisation for the year	515	185	-	-	700
31 December 2013	1,655	694	7	-	2,356
<u>Allowance for impairment</u>					
31 December 2012	-	60	-	-	60
Increase during the year	-	3	-	-	3
31 December 2013	-	63	-	-	63
<u>Net book value</u>					
31 December 2013	2,445	1,158	-	240	3,843
Amortisation expenses for the year					700
Remaining amortisation period (years)	6.3 years	0 - 9.9 years	-	-	

(Unit: Million Baht)

Consolidated financial statements					
For the year ended 31 December 2012					
	Intangible assets from business combination	Computer software	Membership fees for Thailand Futures Exchange and others	Computer software under development	Total
<u>Cost</u>					
31 December 2011	4,100	1,466	7	180	5,753
Additions	-	131	-	229	360
Transfers/disposals	-	54	-	(135)	(81)
31 December 2012	4,100	1,651	7	274	6,032
<u>Accumulated amortisation</u>					
31 December 2011	602	411	6	-	1,019
Transfers/disposals	-	(34)	-	-	(34)
Amortisation for the year	538	154	1	-	693
31 December 2012	1,140	531	7	-	1,678
<u>Allowance for impairment</u>					
31 December 2011	-	25	-	-	25
Increase during the year	-	35	-	-	35
31 December 2012	-	60	-	-	60
<u>Net book value</u>					
31 December 2012	2,960	1,060	-	274	4,294
Amortisation expenses for the year					693

(Unit: Million Baht)

	Separate financial statements			
	For the year ended 31 December 2013			
	Intangible assets from business combination	Computer software	Computer software under development	Total
<u>Cost</u>				
31 December 2012	3,613	1,374	269	5,256
Additions	-	118	157	275
Transfers/disposals	-	166	(197)	(31)
31 December 2013	3,613	1,658	229	5,500
<u>Accumulated amortisation</u>				
31 December 2012	653	313	-	966
Amortisation for the year	515	174	-	689
31 December 2013	1,168	487	-	1,655
<u>Allowance for impairment</u>				
31 December 2012	-	60	-	60
Increase during the year	-	3	-	3
31 December 2013	-	63	-	63
<u>Net book value</u>				
31 December 2013	2,445	1,108	229	3,782
Amortisation expenses for the year				689
Remaining amortisation period (years)	6.3 years	2.4 - 9.7 years	-	

(Unit: Million Baht)

	Separate financial statements			
	For the year ended 31 December 2012			
	Intangible assets from business combination	Computer software	Computer software under development	Total
<u>Cost</u>				
31 December 2011	3,613	1,199	164	4,976
Additions	-	123	217	340
Transfers/disposals	-	52	(112)	(60)
31 December 2012	3,613	1,374	269	5,256
<u>Accumulated amortisation</u>				
31 December 2011	115	186	-	301
Transfers/disposals	-	(12)	-	(12)
Amortisation for the year	538	139	-	677
31 December 2012	653	313	-	966
<u>Allowance for impairment</u>				
31 December 2011	-	25	-	25
Increase during the year	-	35	-	35
31 December 2012	-	60	-	60
<u>Net book value</u>				
31 December 2012	2,960	1,001	269	4,230
Amortisation expenses for the year				677

As at 31 December 2013 and 2012, the Bank and its subsidiaries have computer software which have been fully amortised but are still in use with original costs before deducting accumulated amortisation, amounting to approximately Baht 54 million and Baht 44 million, respectively (separate financial statements: Baht 7 million and Baht 7 million, respectively).

18. Goodwill

As at 31 December 2013 and 2012, goodwill as stated in the financial statements is as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2013	2012	2013	2012
		(Restated)		(Restated)
Goodwill - beginning of the year	17,951	17,951	17,941	17,941
Increase during the year	-	-	-	-
Goodwill - ending of the year	17,951	17,951	17,941	17,941

19. Deferred tax assets/ liabilities and income tax

19.1 Deferred tax assets/ liabilities

As at 31 December 2013 and 2012 and 1 January 2012, deferred tax assets and liabilities are as follows:

(Unit: Million Baht)

	Consolidated financial statements			Separate financial statements		
	31 December 2013	31 December 2012 (Restated)	1 January 2012	31 December 2013	31 December 2012 (Restated)	1 January 2012
Deferred tax assets	641	523	348	-	-	-
Deferred tax liabilities	(1,719)	(2,060)	(1,605)	(1,595)	(1,924)	(1,444)
Net	<u>(1,078)</u>	<u>(1,537)</u>	<u>(1,257)</u>	<u>(1,595)</u>	<u>(1,924)</u>	<u>(1,444)</u>

The components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Million Baht)

	Consolidated financial statements		
	31 December 2013	31 December 2012 (Restated)	1 January 2012
Deferred tax assets			
Non-accrued interest income	108	83	94
Allowance for doubtful accounts - general provision/other assets	312	280	245
Provisions for employee benefits	372	383	387
Provisions	252	210	173
Accrued interest payable/ accrued expenses	149	165	202
Unused tax loss	-	-	86
Fees income received in advance	384	70	62
Late payment fee income	136	110	96
Insurance contract liabilities	272	286	254
Others	418	260	101
Deferred tax assets	<u>2,403</u>	<u>1,847</u>	<u>1,700</u>
Deferred tax liabilities			
Assets transferred as a result of business combination	(1,110)	(1,148)	(1,149)
Deferred commission fee and direct expenses charged on hire purchase	(1,546)	(1,239)	(803)
Intangible assets	(489)	(574)	(705)
Others	(336)	(423)	(300)
Deferred tax liabilities	<u>(3,481)</u>	<u>(3,384)</u>	<u>(2,957)</u>
Net	<u>(1,078)</u>	<u>(1,537)</u>	<u>(1,257)</u>

(Unit: Million Baht)

	Separate financial statements		
	31 December	31 December	1 January
	2013	2012	2012
		(Restated)	
Deferred tax assets			
Non-accrued interest income	105	83	94
Allowance for doubtful accounts - general provision/other assets	60	151	127
Provisions for employee benefits	338	347	351
Provisions	252	210	173
Accrued interest payable/ accrued expenses	136	141	182
Unused tax loss	-	-	86
Fees income received in advance	384	70	62
Late payment fee income	136	110	96
Others	154	24	29
Deferred tax assets	1,565	1,136	1,200
Deferred tax liabilities			
Assets transferred as a result of business combination	(1,110)	(1,148)	(1,149)
Deferred commission fee and direct expenses charged on hire purchase	(1,471)	(1,185)	(764)
Intangible assets	(489)	(574)	(705)
Others	(90)	(153)	(26)
Deferred tax liabilities	(3,160)	(3,060)	(2,644)
Net	(1,595)	(1,924)	(1,444)

19.2 Income tax

Income tax expenses for the years ended 31 December 2013 and 2012 are as follows:

(Unit: Million Baht)

	For the years ended 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
	(Restated)		(Restated)	
Continuing operations				
Current income tax:				
Corporate income tax charge	4,320	2,093	3,371	558
Adjustment in respect of income tax from previous year	63	(263)	69	(89)
Deferred tax:				
Relating to origination and reversal of temporary differences	(352)	246	(223)	336
Income tax expense reported in statements of comprehensive income	4,031	2,076	3,217	805
Discontinued operations				
Current income tax:				
Corporate income tax charge	119	540	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(30)	(127)	-	-
Income tax expense reported in statements of comprehensive income	89	413	-	-

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2013 and 2012 are as follows:

(Unit: Million Baht)

	For the years ended 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
	(Restated)		(Restated)	
Continuing operations				
Deferred tax relating to gain on changes in value of available-for-sale investments	(105)	256	(106)	143
Deferred tax relating to share of other comprehensive income of associates	(5)	15	-	-
	<u>(110)</u>	<u>271</u>	<u>(106)</u>	<u>143</u>
Discontinued operations				
Deferred tax relating to gain on changes in value of available-for-sale investments	(28)	(109)	-	-
	<u>(28)</u>	<u>(109)</u>	<u>-</u>	<u>-</u>

Reconciliations between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2013 and 2012 are as follows:

(Unit: Million Baht)

	For the years ended 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
	(Restated)		(Restated)	
Accounting profit before tax - continuing operations	19,278	9,427	17,330	7,659
Accounting profit before tax - discontinued operations	443	1,625	-	-
	<u>19,721</u>	<u>11,052</u>	<u>17,330</u>	<u>7,659</u>
Applicable tax rate	20%	23%, 30%	20%	23%
Accounting profit before tax multiplied by applicable tax rate	3,945	2,552	3,466	1,762
Adjustment in respect of income tax from previous year	63	(263)	69	(89)
Effects of changes in the applicable tax rates	-	(58)	-	(99)
Effects of non - taxable revenue and non-deductible expenses - net	112	258	(318)	(769)
Income tax expenses reported in statements of comprehensive income	<u>4,120</u>	<u>2,489</u>	<u>3,217</u>	<u>805</u>
Income tax expenses - continuing operations	4,031	2,076	3,217	805
Income tax expenses - discontinued operations	89	413	-	-
	<u>4,120</u>	<u>2,489</u>	<u>3,217</u>	<u>805</u>

20. Other assets

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Accrued premium insurance income	230	496	-	-
Other receivables	796	1,408	791	1,402
Accrued interest and dividend income receivables	1,069	1,162	938	795
Prepaid leasehold rights	276	327	276	323
Other receivables - VAT paid in advance for customers	306	225	272	209
Deposit	327	313	300	288
Estimated insurance claims recoveries	312	256	-	-
Receivable from clearing house	170	944	-	-
Prepaid expenses	413	337	110	95
Deposit from derivative contracts	1,034	102	1,034	102
Others	1,526	1,197	1,186	1,004
Total	6,459	6,767	4,907	4,218
Less: Allowance for impairment	(513)	(328)	(307)	(266)
Other assets - net	5,946	6,439	4,600	3,952

21. Deposits

21.1 Classified by type of deposits

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Current	8,768	8,514	8,806	8,559
Saving	239,231	239,328	239,715	239,931
Certificates of deposit	6,241	2	6,241	2
Fixed deposits				
- Less than 6 months	99,551	119,833	100,437	119,981
- 6 months and up to 1 year	167,756	202,761	169,505	204,761
- Over 1 year	197,532	127,934	197,558	128,048
Total deposits	719,079	698,372	722,262	701,282

21.2 Classified by currency and countries

(Unit: Million Baht)

	Consolidated financial statements					
	2013			2012		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	718,629	1	718,630	698,079	1	698,080
US Dollar	361	23	384	122	21	143
Other currencies	20	45	65	130	19	149
Total	719,010	69	719,079	698,331	41	698,372

(Unit: Million Baht)

	Separate financial statements					
	2013			2012		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	721,812	1	721,813	700,989	1	700,990
US Dollar	361	23	384	122	21	143
Other currencies	20	45	65	130	19	149
Total	722,193	69	722,262	701,241	41	701,282

22. Interbank and money market items (liabilities)

(Unit: Million Baht)

	Consolidated financial statements					
	2013			2012		
	At call	Term	Total	At call	Term	Total
Domestic						
Bank of Thailand and the FIDF	708	7,500	8,208	708	6,869	7,577
Commercial banks	1,220	16,732	17,952	1,121	23,311	24,432
Specialised financial institutions	598	8,074	8,672	192	13,722	13,914
Other financial institutions	8,931	17,736	26,667	9,828	16,427	26,255
Total domestic items	11,457	50,042	61,499	11,849	60,329	72,178
Foreign						
US Dollar	104	18,638	18,742	54	14,336	14,390
Euro	4	-	4	-	-	-
Baht currency	837	-	837	486	723	1,209
Total foreign items	945	18,638	19,583	540	15,059	15,599
Total	12,402	68,680	81,082	12,389	75,388	87,777

(Unit: Million Baht)

	Separate financial statements					
	2013			2012		
	At call	Term	Total	At call	Term	Total
Domestic						
Bank of Thailand and the FIDF	708	7,500	8,208	708	6,869	7,577
Commercial banks	215	9,902	10,117	679	17,213	17,892
Specialised financial institutions	598	8,074	8,672	162	13,722	13,884
Other financial institutions	9,033	18,836	27,869	10,325	16,807	27,132
Total domestic items	10,554	44,312	54,866	11,874	54,611	66,485
Foreign						
US Dollar	104	18,638	18,742	54	14,336	14,390
Euro	4	-	4	-	-	-
Baht currency	837	-	837	486	723	1,209
Total foreign items	945	18,638	19,583	540	15,059	15,599
Total	11,499	62,950	74,449	12,414	69,670	82,084

As at 31 December 2013, interbank and money market items in the consolidated financial statements included loans of a subsidiary company amounting to Baht 2,794 million, consisting of ((i) a loan of Baht 73 million, repayable in 36 monthly installments from the date of the loan drawdown, and carrying interest at a fixed rate per annum, payable monthly, (ii) a loan of Baht 800 million, repayable in full within 3 years from the date of the loan drawdown and carrying interest at a fixed rate per annum, payable monthly, (iii) a loan of Baht 224 million, repayable in quarterly installments, carrying interest at MLR minus a fixed rate, payable monthly, (iv) a loan of Baht 500 million, repayable in full within 4 years from the date of the loan drawdown, carrying interest at a fixed rate per annum, payable monthly, (v) a loan of Baht 417 million, repayable in quarterly installments, carrying interest at a fixed rate per annum, payable monthly, and (vi) a loan of Baht 780 million in the form of promissory notes, repayable at the date as specified in each promissory note, and carrying interest at fixed rates per annum, payable monthly). In addition, the subsidiary has to comply with the terms and conditions specified in the loan agreements, such as maintenance of a debt to equity ratio (2012: included loans of a subsidiary company amounting to Baht 1,754 million).

23. Debt issued and borrowings

As at 31 December 2013 and 2012, the balance of debt issued and domestic borrowings, which stated in Baht, are as follows:

Types of borrowings	Interest rate per annum (as at 31 December 2013)	Maturity date	(Unit: Million Baht)			
			Consolidated		Separate	
			financial statements		financial statements	
			2013	2012	2013	2012
Perpetual subordinated hybrid bonds issued under Tier I (a)	8.25 percent	Dissolution	7,130	7,130	7,130	7,130
Subordinated hybrid bonds issued under Tier II (b)	5.25 percent	2019 and 2024	5,000	5,000	5,000	5,000
Subordinated debentures issued under Tier II (c - h)	4.70 - 6.00 percent	2015 - 2022	35,516	33,773	35,516	33,773
Subordinated debentures (h)			-	1,743	-	1,743
Unsubordinated debentures (i - n)	4.70 - 5.50 percent	2014 - 2017	14,246	11,072	-	2,072
Short-term debentures	2.65 - 2.95 percent	2014	29,226	13,235	29,226	13,235
Bills of exchange			-	41	-	41
Bills of exchange			-	4,889	-	5,299
Promissory note	0.50 - 4.25 percent	At call	1,065	1,168	5	5
Borrowings - Department of Alternative Energy Development and Efficiency	0.50 percent	2014 - 2017	46	98	46	98
Total debt issued and borrowings			92,229	78,149	76,923	68,396

- (a) On 22 April 2010, the Bank issued 7,130,000 name registered of perpetual, non-cumulative, subordinated, hybrid Tier 1 bonds, with a face value of Baht 1,000 each, and sold them to two major shareholders of the Bank. The bonds mature upon dissolution or liquidation of the Bank. The bonds are unsecured and non-convertible and bear interest at a fixed rate equal to the highest interest rate for a six-month fixed deposit plus 6 percent per annum, payable semi-annually. The Bank has a call option to early redeem the bonds at par if the condition specified are met.
- (b) On 24 July 2009, the Bank issued 5,000,000 name registered of cumulative subordinated hybrid bonds, unsecured, unconvertible debentures with debenture holders' representative, with a face value of Baht 1,000 each. Of these, 3.5 million units mature in 2019 and bear interest at a fixed rate of 5.25 percent per annum for the first five years, and 5.5 percent per annum for the sixth to tenth years, while 1.5 million units mature in 2024 and bear interest at a fixed rate of 5.25 percent per annum for the first five years, 6.0 percent per annum for the sixth to tenth years and 6.5 percent per annum for the eleventh to fifteenth years, payable quarterly. The Bank has a call option to early redeem these debentures at par and has option to postpone principal and/or interest payment date if the conditions as specified are met.

- (c) On 9 May 2008, the Bank issued 5,000,000 name registered subordinated, unsecured, unconvertible debentures with no debenture holders' representative, with a face value of Baht 1,000 each. The debentures mature in 2015 and bear interest at a fixed rate of 5.1 percent per annum for the first three years, and 6 percent per annum for the fourth to seventh years, payable quarterly.
- (d) On 3 April 2009, the Bank issued 2,000,000 name registered subordinated, unsecured, unconvertible debentures with debenture holders' representative, with a face value of Baht 1,000 each. The debentures mature in 2019 and bear interest at a fixed rate of 5.25 percent per annum for the first three years, 5.75 percent per annum for the fourth to seventh years, and 6.5 percent per annum for the eighth to tenth years, payable quarterly. The Bank has a call option to early redeem these debentures at par if the conditions specified are met.
- (e) On 2 April 2010, the Bank issued 6,000,000 name registered subordinated, unsecured, unconvertible debentures with debenture holders' representative, with a face value of Baht 1,000 each. The debenture mature in 2020 and bear interest at a fixed rate of 5 percent per annum for the first five years and 5.5 percent per annum for the sixth to tenth years, payable quarterly. The Bank has a call option to early redeem these debentures at par if the conditions specified are met.
- (f) On 20 June 2011, the Bank issued 10,000,000 unsecured subordinated debentures with a face value of Baht 1,000 each. The debentures mature in 2019 and bear interest at fixed rates of 6.00 percent per annum until June 2016, and 6.50 percent per annum for the remaining years, payable quarterly. The Bank has a call option to early redeem these debentures at par if the conditions specified are met. This debenture was issued to replace SCIB's debentures which were early redeemed in accordance with the BOT stipulations regarding the transfer of the entire business of SCIB.
- (g) On 20 July 2012, the Bank issued 8,497,000 name registered subordinated, unsecured debentures with debenture holders' representative, with a face value of Baht 1,000 each. The debenture mature in 2022 and bear interest at a fixed rate of 4.70 percent per annum, payable quarterly. The Bank has a call option to early redeem these debentures at par if the conditions specified are met.
- (h) On 19 October 2012, the Bank issued 4,018,500 name registered subordinated, unsecured debentures with debenture holders' representative, with a face value of Baht 1,000 each. The debenture mature in 2022 and bear interest at a fixed rate of 4.70 percent per annum, payable quarterly. The Bank has a call option to early redeem these debentures at par if the conditions specified are met. All debentures meet the criteria to be counted as Tier 2 capital (2012: some of the debentures, amounting to Baht 2,276 million could be counted as Tier 2 Capital).

- (i) On 27 March 2012, the Bank issued 2,072,100 name registered unsubordinated, unsecured, unconvertible debentures with debenture holders' representative, with a face value of Baht 1,000 each. The debenture mature in the first quarter of 2013 and bear interest at fixed rate of 3.45 percent per annum, payable quarterly.
- (j) On 27 April 2012, a subsidiary company issued 6,000,000 name registered unsubordinated, unsecured, unconvertible debentures with debenture holders' representative, with a face value of Baht 1,000 each. Of these, 2 million units bear interest at fixed rate of 4.90 percent per annum and mature in 2014, and 1.5 million units bear interest at fixed rate of 5.20 percent per annum and mature in 2015, and another 2.5 million units bear interest at fixed rate of 5.50 percent per annum and mature in 2016. All debentures pay interest quarterly. The subsidiary has to comply with the terms and conditions as specified in the loan agreement, such as maintenance of a debt to equity ratio.
- (k) On 1 November 2012, a subsidiary company issued 3,000,000 name registered unsubordinated, unsecured, unconvertible debentures with debenture holders' representative, with a face value of Baht 1,000 each. The debenture mature in 2016 and bear interest at fixed rate of 5.00 percent per annum, payable quarterly. In addition, the subsidiary has to comply with the terms and conditions as specified in the loan agreement, such as maintenance of a debt to equity ratio.
- (l) On 14 June 2013, a subsidiary company issued 2,000,000 name registered unsubordinated, unsecured, unconvertible debentures with debenture holders' representative, with a face value of Baht 1,000 each. The debenture mature in 2017 and bear interest at fixed rate of 4.70 percent per annum, payable quarterly. In addition, the subsidiary has to comply with the terms and conditions as specified in the loan agreement, such as maintenance of a debt to equity ratio.
- (m) On 30 August 2013, a subsidiary company issued 760,000 units of name registered unsubordinated, unsecured, unconvertible debentures with no debenture holders' representative, with a face value of Baht 1,000 each. The debenture mature in 2017 and bear interest at fixed rate of 4.759 percent per annum, payable semi-annually. In addition, the subsidiary has to comply with the terms and conditions as specified in the loan agreement, such as maintenance of a debt to equity ratio.
- (n) On 25 October 2013, a subsidiary company issued 3,000,000 units of name registered unsubordinated, unsecured, unconvertible debentures with debenture holders' representative, with a face value of Baht 1,000 each. The debenture mature in 2017 and bear interest at fixed rate of 4.80 percent per annum, payable quarterly. In addition, the subsidiary has to comply with the terms and conditions as specified in the loan agreement, such as maintenance of a debt to equity ratio.

24. Provisions

(Unit: Million Baht)

Consolidated financial statements					
For the year ended 31 December 2013					
	Loss from litigation	Employee benefits	Obligations from off-balance items	Others	Total
Balance as at 1 January 2013	186	1,922	222	646	2,976
Increase during the year	54	73	357	329	813
Utilised	(48)	(95)	-	(431)	(574)
Decrease from disposal of a subsidiary company	-	(22)	-	-	(22)
Reversal of provisions	(47)	-	-	-	(47)
Balance as at 31 December 2013	<u>145</u>	<u>1,878</u>	<u>579</u>	<u>544</u>	<u>3,146</u>

(Unit: Million Baht)

Consolidated financial statements					
For the year ended 31 December 2012					
	Loss from litigation	Employee benefits	Obligations from off-balance items	Others	Total
Balance as at 1 January 2012	85	1,953	270	516	2,824
Increase during the year	101	80	32	134	347
Utilised	-	(111)	-	(4)	(115)
Reversal of provisions	-	-	(80)	-	(80)
Balance as at 31 December 2012	<u>186</u>	<u>1,922</u>	<u>222</u>	<u>646</u>	<u>2,976</u>

(Unit: Million Baht)

Separate financial statements					
For the year ended 31 December 2013					
	Loss from litigation	Employee benefits	Obligations from off-balance items	Others	Total
Balance as at 1 January 2013	185	1,735	222	645	2,787
Employee benefits for staff transferred from TS AMC	-	2	-	-	2
Increase during the year	54	47	357	329	787
Utilised	(48)	(92)	-	(430)	(570)
Reversal of provisions	(46)	-	-	-	(46)
Balance as at 31 December 2013	<u>145</u>	<u>1,692</u>	<u>579</u>	<u>544</u>	<u>2,960</u>

(Unit: Million Baht)

Separate financial statements					
For the year ended 31 December 2012					
	Loss from litigation	Employee benefits	Obligations from off-balance items		Total
				Others	
Balance as at 1 January 2012	84	1,755	270	512	2,621
Employee benefits for staff transferred from TS AMC	-	24	-	-	24
Increase during the year	101	65	32	133	331
Utilised	-	(109)	-	-	(109)
Reversal of provisions	-	-	(80)	-	(80)
Balance as at 31 December 2012	<u>185</u>	<u>1,735</u>	<u>222</u>	<u>645</u>	<u>2,787</u>

Long-term employee benefits

Provision for long-term employee benefits, which is compensations on employees' retirement, was as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Defined benefit obligation at beginning of the year	1,902	1,929	1,714	1,732
Employee benefits for staff transferred from				
TS AMC	-	-	2	24
Decrease from disposal of a subsidiary company	(22)	-	-	-
Current service cost	147	171	127	144
Interest cost	87	107	79	98
Actuarial gain	(213)	(236)	(210)	(216)
Decrease from curtailment	(69)	(69)	(69)	(68)
Benefits paid during the year	(45)	-	(41)	-
Defined benefit obligation at end of the year	<u>1,787</u>	<u>1,902</u>	<u>1,602</u>	<u>1,714</u>

Long-term employee benefits which is recognised in profit or loss for the years ended 31 December 2013 and 2012 can be summarised as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Current service cost	147	171	127	144
Interest cost	87	107	79	98
Actuarial (gain) loss recognised during the year				
- Assumptions changing adjustments	(221)	(213)	(204)	(191)
- Experience adjustments	8	(23)	(6)	(25)
Decrease from curtailment	(69)	(69)	(69)	(68)
Total expense recognised in profit or loss	(48)	(27)	(73)	(42)

Amounts of defined benefit obligation for the current and previous three years are as follows:

(Unit: Million Baht)

	Defined benefit obligation		Experience adjustments arising on the plan liabilities	
	Consolidated	Separate	Consolidated	Separate
	financial statements	financial statements	financial statements	financial statements
Year 2013	1,787	1,602	8	(6)
Year 2012	1,902	1,714	(23)	(25)
Year 2011	1,929	1,732	-	-
Year 2010	2,272	356	-	-

The principal actuarial assumptions used to calculate the defined benefit obligations are as follows:

(Percent per annum)

	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Discount rate	4.40 - 4.78	4.07 - 4.38	4.62	4.38
Future salary increase rate	5.11 - 7.84	5.50 - 7.35	5.11	5.50
Average staff turnover rate (depending on age)	0.00 - 59.57	0.00 - 47.76	0.17 - 14.00	0.00 - 19.02

25. Insurance contract liabilities

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Life policy reserve	10,297	34,291	-	-
Loss reserve and outstanding claims	1,766	1,975	-	-
Unearned premium reserve	2,889	3,116	-	-
Other liabilities under insurance policies	67	250	-	-
Total insurance contract liabilities	15,019	39,632	-	-

26. Other liabilities

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Other payables	1,510	1,341	1,136	1,106
Suspense cash received from account receivables	302	444	245	399
Insurance premium payable	359	393	298	603
Income received in advance	1,980	434	1,977	432
Corporate income tax payable	1,264	1,193	717	288
Payable to clearing house	509	126	-	-
Others	2,948	3,326	1,100	1,801
Total other liabilities	8,872	7,257	5,473	4,629

27. Share capital

On 4 April 2013, the Annual General Meeting of Shareholders of the Bank approved the decrease and increase in the Bank's registered share capital as follows:

- Approved a reduction of share capital from Baht 59,346,192,720 (5,934,619,272 shares with a par value of Baht 10 each) to Baht 55,136,649,030 (5,513,664,903 shares with a par value of Baht 10 each) by reduction of 420,954,369 unissued ordinary shares with a par value of Baht 10 each. The Bank registered the decrease with the Ministry of Commerce on 17 April 2013.
- Approved an increase of share capital from Baht 55,136,649,030 (5,513,664,903 shares with a par value of Baht 10 each) to Baht 75,266,649,030 (7,526,664,903 shares with a par value of Baht 10 each) by issuing 2,013,000,000 ordinary shares with a par value of Baht 10 each. The Bank registered the increase in share capital with the Ministry of Commerce on 17 April 2013.

28. Other components of equity

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Surplus from business combination under common control	(123)	(123)	-	-
Revaluation surplus on investments				
Revaluation surplus on investments				
Available-for-sale investments				
Debt instruments	719	901	676	705
Equity instruments	484	607	25	259
Total	1,203	1,508	701	964
Revaluation deficit on investments				
Available-for-sale investments				
Debt instruments	(252)	(43)	(236)	(1)
Equity instruments	(36)	-	(34)	-
Held-to-maturity investments (transfer from available-for-sale investments)	-	(9)	-	(4)
Total	(288)	(52)	(270)	(5)
Total revaluation surplus on investments	915	1,456	431	959
Less: The effect of deferred tax liabilities	(165)	(297)	(86)	(192)
Net revaluation surplus on investments	750	1,159	345	767
Share of other comprehensive income of associates	193	247	-	-
Less: The effect of deferred tax liabilities	(19)	(25)	-	-
Net share of other comprehensive income of associates	174	222	-	-
Total	801	1,258	345	767

29. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Bank is required to set aside to a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

In September 2013, the Bank's Board of Director passed a resolution to allocate Baht 508 million of net income to statutory reserve, and on 31 December 2013, the Bank additional allocated Baht 198 million of net income for the year 2013 to the statutory reserve (2012: Baht 340 million).

30. Capital funds

The primary objectives of the Bank's capital management are to maintain the Bank's ability to continue as a going concern and to maintain a capital adequacy ratio in accordance with the Act on Undertaking of Banking business B.E. 2551.

As at 31 December 2013, capital funds of the Bank calculated in accordance with the BOT's regulation regarding "Elements of Capital Funds' for Commercial Bank Incorporate in Thailand" dated 8 November 2012, consist of the following:

	(Unit: Million Baht)
	<u>31 December 2013</u>
<u>Tier I capital</u>	
Common Equity Tier I capital	
Issued and fully paid up share capital	55,137
Share premium	2,101
Statutory reserve	1,837
Retained earnings - unappropriated	23,274
Other components of equity - Revaluation surplus on investment in equity securities - net	<u>(7)</u>
	82,342
Less: goodwill	<u>(17,941)</u>
Total Common Equity Tier I capital	<u>64,401</u>
Additional Tier I capital	
Perpetual subordinated hybrid bonds (Hybrid Tier I)	<u>6,417</u>
Total Tier I capital	<u>70,818</u>
<u>Tier II capital</u>	
Reserve for assets classified as normal	6,101
Subordinated debentures	<u>33,764</u>
Total Tier II capital	<u>39,865</u>
Total capital funds	<u>110,683</u>

On 26 September 2013, the Board of Directors' meeting of the Bank passed a resolution to allocate amounting Baht 508 million of net income for the six-month period ended 30 June 2013 to statutory reserve. The remaining net income of Baht 7,147 million and the increase in retained earnings as the result of the change in accounting policy following the adoption of TAS 12 Income Tax, amounting to Baht 1,187 million, were allocated as capital funds of the Bank.

As at 31 December 2013, the capital adequacy ratio of the Bank calculated in accordance with the BOT's regulation regarding the calculation of capital fund, dated 8 November 2012, is as follows:

	31 December 2013	
	Capital ratio of the Bank	Minimum requirement by BOT
Total capital to risk-weighted assets (percent)	14.80	8.50
Total Common Equity Tier I to risk-weighted assets (percent)	8.61	4.50
Total Tier I to risk-weighted assets (percent)	9.47	6.00

As at 31 December 2012, capital funds of the Bank calculated in accordance with the BOT's regulation regarding "Elements of Capital Funds for Commercial Bank Incorporated in Thailand", dated 27 November 2008 was as follows:

	(Unit: Million Baht)
	31 December 2012
<u>Tier I capital</u>	
Issued and fully paid up share capital	55,137
Share premium	2,101
Perpetual subordinated hybrid bonds (Hybrid Tier I)	7,130
Statutory reserve	1,060
Retained earnings - unappropriated	11,858
Total	77,286
Less: goodwill	(15,740)
Total Tier I capital	61,546
<u>Tier II capital</u>	
Reserve for assets classified as normal	3,982
Subordinated debentures	35,773
Revaluation surplus on investment in equity securities - net	116
Total Tier II capital	39,871
Total capital funds	101,417

As at 31 December 2012, the capital adequacy ratio of the Bank calculated in accordance with the BOT's regulation regarding the calculation of capital fund, dated 27 November 2008.

	31 December 2012	
	Capital ratio of the Bank	Minimum requirement by BOT
Total capital to risk-weighted assets (percent)	13.99	8.50
Total Tier I to risk-weighted assets (percent)	8.49	4.25

The Bank will disclose qualitative and quantitative information regarding capital maintenance as at 31 December 2013 in accordance with the Notification of the Bank of Thailand Re: Public Disclosure of Capital Maintenance Information for Commercial Banks on its website at www.thanachartbank.co.th, within April 2014.

31. Dividends

Dividends	Approved by	Total dividends Million Baht	Dividend per share Baht
Dividends on net income for the year 2012	Annual General Meeting of the Shareholders on 4 April 2013	2,040	0.37
Dividends on net income for the year 2011	Annual General Meeting of the Shareholders on 5 April 2012	1,930	0.35

32. Interest income

Interest income for the years ended 31 December 2013 and 2012 consisted of the following:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Interbank and money market items	1,865	2,294	1,738	2,229
Investments and trading transactions	457	480	69	68
Investments in debt securities	3,867	3,606	3,722	3,418
Loans to customers	21,246	21,200	20,697	20,914
Hire purchase and financial lease	26,452	21,156	24,323	19,702
Total interest income	53,887	48,736	50,549	46,331

33. Interest expenses

Interest expenses for the years ended 31 December 2013 and 2012 consisted of the following:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Deposits	17,862	14,549	17,915	14,713
Interbank and money market items	1,463	1,564	1,261	1,472
Contribution fee to FIDF and the Deposit Protection Agency	3,598	2,994	3,598	2,994
Issues debt instruments				
- Subordinated debentures	2,784	2,435	2,784	2,435
- Unsubordinated debentures	1,418	318	869	79
- Others	100	3,682	61	3,650
Fees and services expense on borrowing	9	14	1	28
Total interest expenses	<u>27,234</u>	<u>25,556</u>	<u>26,489</u>	<u>25,371</u>

34. Fees and service income

Fees and service income for the years ended 31 December 2013 and 2012 consisted of the following:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Fees and service income				
Acceptance, aval and guarantees	317	331	317	331
Brokerage fee from securities/ derivatives	1,823	1,216	-	-
ATM and electronic banking services	733	710	733	710
Hire purchase fee income	1,340	1,081	1,260	1,049
Insurance brokerage fee income	1,513	1,105	1,815	1,767
Management fees	676	438	-	-
Credit card fee	1,027	763	1,032	770
Others	1,364	911	1,275	781
Total fees and service income	<u>8,793</u>	<u>6,555</u>	<u>6,432</u>	<u>5,408</u>
Fees and service expenses	<u>(1,890)</u>	<u>(1,485)</u>	<u>(1,673)</u>	<u>(1,330)</u>
Net fees and service income	<u>6,903</u>	<u>5,070</u>	<u>4,759</u>	<u>4,078</u>

35. Gains on trading and foreign exchange transactions

Gains (loss) on trading and foreign exchange transactions for the years ended 31 December 2013 and 2012 consisted of the following:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Foreign exchange and derivatives relating to foreign exchange	609	585	628	591
Derivatives relating to interest	20	2	20	2
Debt securities	(139)	65	35	112
Equity securities	(9)	(1)	-	-
Others	50	13	2	-
Total	531	664	685	705

36. Gains on investments

Gains (losses) on investments for the years ended 31 December 2013 and 2012 consisted of the following:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Gains (losses) on disposal				
Available-for-sale securities	350	321	242	320
Other investments	(2)	5	(2)	5
Investments in subsidiary company (Note 48)	12,216	-	13,128	2
Reversal of impairment (losses)				
Available-for-sale investments	-	1	-	-
General investments	33	(15)	33	(52)
Investments in associated and subsidiary companies	-	-	-	(5)
Gain on capital refunded from investments	484	-	484	-
Total	13,081	312	13,885	270

37. Directors' remuneration

Directors' remuneration represents the benefits paid to the directors of the Bank and public subsidiary companies in accordance with Section 90 of the Public Limited Companies Act, exclusive of salaries and related benefits payable to directors who hold executive positions but including the payment of remuneration amounting to Baht 18 million to the Bank's and its subsidiaries' directors, which was approved by the Annual General Meeting of Shareholders of the Bank and its subsidiaries.

38. Impairment loss of loans and debt securities

Impairment loss of loans and debt securities for the years ended 31 December 2013 and 2012 consisted of the following:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2013	2012	2013	2012
Bad debts and doubtful accounts				
Loans to customers	11,605	2,968	11,215	4,673
Interbank and money market items	20	27	24	27
Amortisation of revaluation allowance for debts				
restructured during the year	(43)	(36)	(43)	(36)
Loss from debt restructuring	5	15	5	15
Impairment loss of debt securities	-	1	-	1
Haircut loss from the court ruling	-	5	-	-
Total	<u>11,587</u>	<u>2,980</u>	<u>11,201</u>	<u>4,680</u>

39. Components of other comprehensive income

Components of other comprehensive income for the years ended 31 December 2013 and 2012 of the following:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2013	2012	2013	2012
		(Restated)		(Restated)
Other comprehensive income				
Continuing operations:				
Available-for-sale investments:				
Unrealised gains (losses) during the year	(44)	1,633	(286)	1,068
Less: Reclassification of adjustment for the realised gains that included in profit or loss	(350)	(321)	(242)	(320)
	(394)	1,312	(528)	748
Share of other comprehensive income in associated companies (loss)	(54)	146	-	-
Other comprehensive income for the year (loss)	(448)	1,458	(528)	748
Impact from related income tax:				
Income tax - gains (losses) on changes in value of available-for-sale investments	105	(256)	106	(143)
Income tax - share of other comprehensive income of associated companies	5	(15)	-	-
Impact from related income tax	110	(271)	106	(143)
Other comprehensive income for the year - net (loss)	(338)	1,187	(422)	605

40. Earnings per share

Basic earnings per share is calculated by dividing profit for the years attributable to equity holders of the Bank (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the years.

	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
		(Restated)		(Restated)
Profit for the year from continuing operations (Million Baht)	15,031	7,142	14,113	6,855
Earnings per share from continuing operations (Baht/share)	2.73	1.30	2.56	1.24
Profit for the year from discontinued operations (Million Baht)	354	1,212	-	-
Earnings per share from discontinued operations (Baht/share)	0.06	0.22	-	-
Weighted average number of ordinary shares (Million shares)	5,514	5,514	5,514	5,514

41. Provident fund

The Bank, its subsidiaries and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Employees contributed to the fund monthly, at rates of 3 -10 percent of their basic salaries, and the Bank and its subsidiaries contributed to the fund at stipulated rates. The fund will be paid to the employees upon termination of employment in accordance with the fund rules. During the year 2013, the Bank and its subsidiaries contributed Baht 422 million to the fund (separate financial statements: Baht 374 million) (2012: Baht 413 million in the consolidated financial statements and Baht 367 million in the separate financial statements).

42. Related party transactions

During the years, the Bank and its subsidiaries had significant business transactions with its related parties. These transactions have been concluded on commercial terms and based agreed upon in the ordinary course of businesses between the Bank and those companies. Below is a summary of those significant transactions.

(Unit: Million Baht)

	For the years ended 31 December				Transfer pricing policy (For the year 2013)
	Consolidated		Separate		
	financial statements		financial statements		
	2013	2012	2013	2012	
<u>Transactions occurred</u>					
<u>during the years</u>					
Parent company					
Purchase of debt securities	3,603	50	3,603	50	At market price
Sales of debt securities	29,189	33,393	29,189	33,393	At market price
(Related gain)	1	2	1	2	
Interest income	1	1	-	-	At interest rate of 7.52 - 7.85 percent per annum
Fee and service income	5	1	2	-	At the rate agreed under the service contract
Income on supporting service	11	13	11	13	At the rate agreed under the service contract
Other income	8	-	-	-	
Interest expenses	336	327	336	327	At interest rate of 0.60 - 3.20, 5.00, 5.25, 8.25 and 8.50 percent per annum
Rental expenses	7	76	6	62	At the rate agreed under the rental contracts
Other expenses	49	50	49	50	
Dividend payment	1,040	983	1,040	983	As declared

(Unit: Million Baht)

	For the years ended 31 December				Transfer pricing policy (For the year 2013)
	Consolidated		Separate		
	financial statements		financial statements		
	2013	2012	2013	2012	
Transactions occurred during					
<u>the years (continued)</u>					
Subsidiary companies					
Purchase of debt securities	-	-	8,781	17,150	At market price
Sales of debt securities	-	-	10,899	24,646	At market price
(Related gain)	-	-	2	13	
Purchase of investments in equity instruments	-	-	-	983	
Purchase/sales of forward exchange contracts	-	-	1,108	1,789	At market price
Interest income	-	-	259	485	At interest rate of 3.15 - 4.10 and 7.78 percent per annum
Dividend income	-	-	1,300	3,377	As declared
Fee and service income	-	-	1,233	1,820	At the rate agreed under the service contract
Income on supporting service	-	-	294	292	At the rate agreed under the service contract
Other income	-	-	17	5	
Interest expenses	-	-	156	307	At interest rate of 0.50 - 4.00 percent per annum
Fee and service expenses	-	-	-	4	
Rental expenses	-	-	6	22	At the rate agreed under the rental contracts
Other expenses	-	-	193	281	
Associated companies					
Sales of debt securities	-	270	-	270	
Interest income	-	1	-	1	
Dividend income	-	-	42	21	As declared
Other income	11	-	-	-	
Interest expenses	88	78	88	78	At interest rate of 0.60 - 3.15 and 5.25 percent per annum
Rental expenses	114	49	91	40	At the rate agreed under the rental contracts
Other expenses	11	9	8	6	

(Unit: Million Baht)

	For the years ended 31 December				Transfer pricing policy (For the year 2013)
	Consolidated		Separate		
	financial statements		financial statements		
	2013	2012	2013	2012	
<u>Transactions occurred during the years (continued)</u>					
Related parties (presented as part of continuing operations)					
Purchase of debt securities	229	75	229	75	At market price
Sales of debt securities	10,358	19,115	10,358	19,115	At market price
(Related gain)	-	1	-	1	
Purchase/sales of forward exchange contracts	459,061	523,737	457,204	520,808	At market price
Sales of property foreclosed	-	34	-	34	
(Related gain)	-	7	-	7	
Interest income	307	315	303	315	At interest rate 0.10 - 8.00 percent per annum
Dividend income	44	23	26	7	As declared
Fee and service income	1	-	-	-	At the rate agreed under the service contract
Insurance/Life insurance income	27	40	-	-	At the rate agreed under the service contract
Income on supporting service	9	10	9	10	At the rate agreed under the service contract
Other income	11	18	-	4	
Interest expenses	390	415	390	415	At interest rate of 0.33 - 3.60, 5.22, 5.25, 6.00 and 8.25 percent per annum
Rental expenses	101	109	65	73	At the rate agreed under the rental contracts
Other expenses	55	21	36	17	
Dividend payment	900	851	900	851	As declared
Related companies (presented as part of discontinued operations)					
Dividend income	-	4	-	-	
Life insurance income	2	2	-	-	At the rate agreed under the service contract
Rental expenses	5	17	-	-	At the rate agreed under the rental contracts

Moreover, in September 2012, Thanachart Bank purchased investments in equity securities from a subsidiary at a price of Baht 983 million, with reference to market price. Since this transaction was an intercompany transaction, a gain on disposal of Baht 630 million was recognised in the financial statements of the subsidiary company and eliminated in the consolidated financial statements.

The outstanding balances of the above transactions during the years ended 31 December 2013 and 2012 have been shown at the average balance at the end of each month as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
<u>Parent company</u>				
Loans to customers	14	17	-	-
Deposits	1,334	817	1,334	817
Debt issued and borrowings	3,637	3,638	3,637	3,638
<u>Subsidiary companies</u>				
Interbank and money market items (assets)	-	-	1,346	392
Loans to customers	-	-	5,901	11,207
Deposits	-	-	2,538	10,791
Interbank and money market items (liabilities)	-	-	572	536
Debt issued and borrowings	-	-	221	1,303
<u>Associated companies</u>				
Deposits	991	259	991	259
Debt issued and borrowings	1,200	1,422	1,200	1,422
<u>Related companies</u>				
Interbank and money market items (assets)	246	395	246	395
Loans to customers	8,068	9,589	7,616	8,541
Deposits	2,571	1,348	2,571	1,348
Interbank and money market items (liabilities)	12,582	10,788	12,582	10,788
Debt issued and borrowings	3,894	4,123	3,894	4,123

As at 31 December 2013 and 2012, the significant outstanding balances of the above transactions are as follows:

(Unit: Million Baht)

Consolidated financial statements									
2013									
Assets					Liabilities				
Interbank and money market items	Investments - debt securities	Loans to customers and interest receivables	Other assets	Deposits	Interbank and money market items	Debt issued and borrowings	Other liabilities	Commitments	
Parent company									
Thanachart Capital Plc.	-	-	12	25	3,030	-	3,638	84	-
Associated company									
MBK Plc.	-	-	-	34	963	-	1,200	11	-
Related companies									
The Bank of Nova Scotia	258	-	-	-	-	14,409	3,494	82	2,680
GMM Grammy Plc.	-	-	232	-	550	-	-	2	-
Thai Reinsurance Plc.	-	-	-	2	680	-	-	13	-
Thai Hua Rubber Plc.	-	-	213	-	313	-	-	1	407
Krungthai Card Plc.	-	-	4,970	-	7	-	-	-	-
Srithai Superware Plc.	-	-	594	-	50	-	-	-	19
Synphaet Co., Ltd.	-	-	443	-	7	-	-	-	5
Other related companies	-	-	1,135	173	1,673	119	400	80	469
	<u>258</u>	<u>-</u>	<u>7,599</u>	<u>234</u>	<u>7,273</u>	<u>14,528</u>	<u>8,732</u>	<u>273</u>	<u>3,580</u>

(Unit: Million Baht)

Consolidated financial statements									
2012									
Assets					Liabilities				
Interbank and money market items	Investments - debt securities	Loans to customers and interest receivables	Other assets	Deposits	Interbank and money market items	Debt issued and borrowings	Other liabilities	Commitments	
Parent company									
Thanachart Capital Plc.	-	5	16	25	4,833	-	3,637	93	-
Associated company									
MBK Plc.	-	-	-	30	1,042	-	1,200	17	-
Related companies									
The Bank of Nova Scotia	57	-	-	39	-	11,615	3,494	100	1,971
GMM Grammy Plc.	-	-	36	-	-	-	-	-	-
Thai Reinsurance Plc.	-	-	-	51	102	-	-	-	-
Thai Hua Rubber Plc.	-	-	2,744	-	349	-	-	2	487
Krungthai Card Plc.	-	-	4,138	-	11	-	-	-	-
Srithai Superware Plc.	-	-	711	-	69	-	-	-	-
Synphaet Co., Ltd.	-	-	829	-	36	-	-	-	5
Other related companies	-	-	1,468	178	958	165	400	78	320
	<u>57</u>	<u>5</u>	<u>9,942</u>	<u>323</u>	<u>7,400</u>	<u>11,780</u>	<u>8,731</u>	<u>290</u>	<u>2,783</u>

(Unit: Million Baht)

Separate financial statements									
2013									
Assets					Liabilities				
Interbank and money market items	Investments - debt securities	Loans to customers and interest receivables	Other assets	Deposits	Interbank and money market items	Debt issued and borrowings	Other liabilities	Commitments	
Parent company									
Thanachart Capital Plc.	-	-	-	20	3,030	-	3,638	84	-
Subsidiary companies									
SCIB Plc.	-	-	-	-	1,516	-	-	4	-
Thanachart Group Leasing Co., Ltd.	-	-	-	-	203	-	-	2	-
Thanachart Securities Plc.	550	-	-	24	-	14	-	26	764
Thanachart Insurance Plc.	-	-	-	67	938	-	-	192	10
Thanachart Broker Co., Ltd.	-	-	-	6	297	-	-	1	-
TS Asset Management Co., Ltd.	-	-	4,557	-	62	-	-	-	-
Siam City Life Assurance Plc.	-	-	-	1	-	1,181	-	1	-
Ratchthani Leasing Plc.	-	514	-	16	114	-	-	-	30
Other subsidiary companies	-	-	-	24	84	8	-	28	-
Associated company									
MBK Plc.	-	-	-	28	963	-	1,200	11	-
Related companies									
The Bank of Nova Scotia	258	-	-	-	-	14,409	3,494	82	2,680
GMM Grammy Plc.	-	-	232	-	550	-	-	2	-
Thai Reinsurance Plc.	-	-	-	-	680	-	-	13	-
Thai Hua Rubber Plc.	-	-	213	-	313	-	-	1	407
Krungthai Card Plc.	-	-	4,970	-	7	-	-	-	-
Srithai Superware Plc.	-	-	594	-	50	-	-	-	19
Synphaet Co., Ltd.	-	-	443	-	7	-	-	-	5
Other related companies	-	-	619	161	1,677	118	400	74	205
	808	514	11,628	347	10,491	15,730	8,732	521	4,120

Separate financial statements									
2012									
Assets					Liabilities				
Interbank and money market items	Investments - debt securities	Loans to customers and interest receivables	Other assets	Deposits	Interbank and money market items	Debt issued and borrowings	Other liabilities	Commitments	
Parent company									
Thanachart Capital Plc.	-	5	-	20	4,833	-	3,637	93	-
Subsidiary companies									
SCIB Plc.	-	-	-	-	2,016	-	-	5	-
Thanachart Group Leasing Co., Ltd.	-	-	-	-	25	-	-	-	-
Thanachart Securities Plc.	200	-	-	64	-	20	-	12	158
Thanachart Insurance Plc.	-	-	-	116	359	-	-	417	10
Thanachart Life Assurance Plc.	-	-	-	187	-	530	-	117	1
Thanachart Broker Co., Ltd.	-	-	-	2	237	-	-	-	-
TS Asset Management Co., Ltd.	-	-	6,062	2	118	-	-	-	-
Siam City Life Assurance Plc.	-	-	-	2	-	333	410	11	-
Ratchthani Leasing Plc.	-	-	-	-	133	-	-	-	30
Other subsidiary companies	-	-	-	26	51	7	-	47	-
Associated company									
MBK Plc.	-	-	-	24	1,042	-	1,200	17	-
Related companies									
The Bank of Nova Scotia	57	-	-	39	-	11,615	3,494	100	1,971
GMM Grammy Plc.	-	-	36	-	-	-	-	-	-
Thai Reinsurance Plc.	-	-	-	-	102	-	-	-	-
Thai Hua Rubber Plc.	-	-	2,744	-	349	-	-	2	487
Krungthai Card Plc.	-	-	4,138	-	11	-	-	-	-
Srithai Superware Plc.	-	-	711	-	69	-	-	-	-
Synphaet Co., Ltd.	-	-	829	-	36	-	-	-	5
Other related companies	-	-	999	160	960	165	400	113	320
	257	5	15,519	642	10,341	12,670	9,141	934	2,982

As at 31 December 2013 and 2012, the Bank has loans to subsidiary companies as mentioned in Note 11.11 to the financial statements.

As at 31 December 2013, the Bank and its subsidiaries have investments amounting to approximately Baht 809 million (Baht 435 million in the separate financial statements) in related companies in which they are related by means of members of their management being shareholders and/or directors of those companies (2012: Baht 737 million in the consolidated financial statements and Baht 413 million in the separate financial statements).

As at 31 December 2013 and 2012, the Bank and its subsidiaries have the following related parties transactions with executive employees of the Bank and companies within Thanachart Group, including related persons who together with these employees:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Loans to customers	82	68	75	65
Deposits	906	696	906	696

Directors and management's remuneration

During the years 2013 and 2012, the Bank and its subsidiaries paid the following benefits to their key management personnel, including directors, totaled 121 persons and 130 persons, respectively (the separate financial statements: 47 persons and 46 persons, respectively):

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Short-term employee benefits	539	542	267	281
Post-employment benefits	13	14	6	6
	<u>552</u>	<u>556</u>	<u>273</u>	<u>287</u>

43. Financial information classified by operating segment

43.1 Financial position and results of operations classified by business activity

The financial position as at 31 December 2013 and 2012, and the operating results for the years then ended, classified by domestic and foreign operations, are as follows:

(Unit: Million Baht)

	Consolidated financial statements			
	2013			
	Domestic operations	Foreign operations	Eliminations	Total
Total assets	1,038,460	24,511	(24,622)	1,038,349
Interbank and money market items (assets)	77,273	17,046	(24,622)	69,697
Investments	131,414	7,411	-	138,825
Investments in associated companies	1,835	-	-	1,835
Loans to customers and accrued interest				
receivables	760,943	-	-	760,943
Deposits	719,079	-	-	719,079
Interbank and money market items (liabilities)	81,094	24,610	(24,622)	81,082
Debt issued and borrowings	92,229	-	-	92,229

(Unit: Million Baht)

	Consolidated financial statements			
	2012			
	Domestic operations	Foreign operations	Eliminations	Total
Total assets	1,018,539	13,991	(13,910)	1,018,620
Interbank and money market items (assets)	72,728	13,145	(13,910)	71,963
Investments	145,320	786	-	146,106
Investments in associated companies	1,576	-	-	1,576
Loans to customers and accrued interest				
receivables	731,010	-	-	731,010
Deposits	698,372	-	-	698,372
Interbank and money market items (liabilities)	87,777	13,910	(13,910)	87,777
Debt issued and borrowings	78,149	-	-	78,149

(Unit: Million Baht)

Consolidated financial statements				
2013				
	Domestic operations	Foreign operations	Eliminations	Total
Interest income	53,813	168	(94)	53,887
Interest expenses	(27,234)	(94)	94	(27,234)
Net interest income	26,579	74	-	26,653
Net fee and service income	6,903	-	-	6,903
Net insurance/Life insurance income	2,282	-	-	2,282
Other operating income	16,308	(22)	-	16,286
Other operating expenses	(21,259)	-	-	(21,259)
Impairment loss of loans and debt securities	(11,587)	-	-	(11,587)
Profit before income tax	19,226	52	-	19,278
Income tax	(4,031)	-	-	(4,031)
Profit from continuing operations before non-controlling interests	15,195	52	-	15,247
Profit from discontinued operations before income tax	443	-	-	443
Income tax	(89)	-	-	(89)
Profit before non-controlling interests	15,549	52	-	15,601

(Unit: Million Baht)

Consolidated financial statements				
2012				
	Domestic operations	Foreign operations	Eliminations	Total
Interest income	48,677	147	(88)	48,736
Interest expenses	(25,556)	(88)	88	(25,556)
Net interest income	23,121	59	-	23,180
Net fee and service income	5,070	-	-	5,070
Net insurance/Life insurance income	2,147	-	-	2,147
Other operating income	3,657	12	-	3,669
Other operating expenses	(21,659)	-	-	(21,659)
Impairment loss of loans and debt securities	(2,980)	-	-	(2,980)
Profit before income tax	9,356	71	-	9,427
Income tax	(2,076)	-	-	(2,076)
Profit from continuing operations before non-controlling interests	7,280	71	-	7,351
Profit from discontinued operations before income tax	1,625	-	-	1,625
Income tax	(413)	-	-	(413)
Profit before non-controlling interests	8,492	71	-	8,563

(Unit: Million Baht)

	Separate financial statements			
	2013			
	Domestic operations	Foreign operations	Eliminations	Total
Total assets	990,835	24,511	(24,622)	990,724
Interbank and money market items (assets)	73,671	17,046	(24,622)	66,095
Investments	118,463	7,411	-	125,874
Investments in subsidiary and associated companies	9,505	-	-	9,505
Loans to customers and accrued interest receivables	729,970	-	-	729,970
Deposits	722,262	-	-	722,262
Interbank and money market items (liabilities)	74,461	24,610	(24,622)	74,449
Debt issued and borrowings	76,923	-	-	76,923

(Unit: Million Baht)

	Separate financial statements			
	2012			
	Domestic operations	Foreign operations	Eliminations	Total
Total assets	953,128	13,991	(13,910)	953,209
Interbank and money market items (assets)	66,729	13,145	(13,910)	65,964
Investments	106,138	786	-	106,924
Investments in subsidiary and associated companies	13,754	-	-	13,754
Loans to customers and accrued interest receivables	708,641	-	-	708,641
Deposits	701,282	-	-	701,282
Interbank and money market items (liabilities)	82,084	13,910	(13,910)	82,084
Debt issued and borrowings	68,396	-	-	68,396

(Unit: Million Baht)

	Separate financial statements			
	2013			
	Domestic operations	Foreign operations	Eliminations	Total
Interest income	50,475	168	(94)	50,549
Interest expenses	(26,489)	(94)	94	(26,489)
Net interest income	23,986	74	-	24,060
Net fee and service income	4,759	-	-	4,759
Other operating income	18,221	(22)	-	18,199
Other operating expenses	(18,487)	-	-	(18,487)
Impairment loss of loans and debt securities	(11,201)	-	-	(11,201)
Income tax	(3,217)	-	-	(3,217)
Profit for the year	14,061	52	-	14,113

(Unit: Million Baht)

	Separate financial statements			
	2012			
	Domestic operations	Foreign operations	Eliminations	Total
Interest income	46,272	147	(88)	46,331
Interest expenses	(25,371)	(88)	88	(25,371)
Net interest income	20,901	59	-	20,960
Net fee and service income	4,078	-	-	4,078
Other operating income	6,812	12	-	6,824
Other operating expenses	(19,522)	-	-	(19,522)
Impairment loss of loans and debt securities	(4,680)	-	-	(4,680)
Income tax	(805)	-	-	(805)
Profit for the year	6,784	71	-	6,855

43.2 Financial positions and results of operations classified by business type

Identification of the Bank's operating segments

The Bank's operating segments are identified in accordance with the Bank's organisation structure, which is determined based on the Bank's management policies. The three operating segments identified are as follows:

1. Retail banking segment: This serves individual customers, with related products offering such as deposits, housing loans, hire purchase loans, and credit card services.
2. Corporate and SME segment: This serves business customers, with related products offering such as short-term and long-term loans, and import and export trade financing.
3. Treasury, investment and other business segment: These deal with money market and investment transactions, transactions with related companies, staff welfare loans and others.

The accounting policies for segment reporting are the same as those applied by the Bank. The Bank allocates only revenue-generating assets based on the type of business. Assets that do not generate revenue are allocated to other business segment.

The chief operating decision maker reviews the operating results of each segment separately in order to make decisions on the allocation of resources to each operating segment and to assess performance. The Bank measures segment performance based on net interest income generated by each segment with net interest income being interest income and interest expenses from external customers, net of interest income and interest expenses from inter-segment lending and borrowing that is presented in the other business segment. For inter-segment borrowing, market interest rates are charged. Operating expenses are allocated in proportion to the operations of each segment. Expenses arising in respect of the assets that do not generate income, such as depreciation and leasehold amortization, are presented in other business segment.

Operating Segments: Thanachart Bank and Subsidiaries

The Bank and its subsidiaries have five operating segments, which are 1) the banking segment, consisting of the three segments described above 2) the securities business segment 3) the life insurance segment 4) the non-life insurance segment and 5) the asset management segment. Financial information of the Bank and its subsidiaries presented by segment is as follow:

(Unit: Million Baht)

For the year ended 31 December 2013

	Banking business								Eliminations	Consolidated
	Retail		Treasury &	Securities	Life	Non-life	Asset	Other		
	and	SME	Investment	business	insurance	insurance	management	business		
Net interest income	18,884	4,458	718	252	502	252	352	1,278	(43)	26,653
Net insurance income	-	-	-	-	(272)	1,744	-	-	810	2,282
Other operating income	5,058	777	17,123	2,555	(166)	129	100	796	(3,183)	23,189
Other operating expenses	(14,496)	(2,022)	(1,969)	(1,457)	(95)	(933)	(202)	(591)	506	(21,259)
Impairment loss of loans and debt securities	(5,697)	(310)	(5,194)	-	-	-	291	(248)	(429)	(11,587)
Profit (loss) before income tax	3,749	2,903	10,678	1,350	(31)	1,192	541	1,235	(2,339)	19,278
Income tax	(750)	(581)	(1,886)	(264)	6	(238)	(119)	(254)	55	(4,031)
Profit (loss) from continuing operations before non-controlling interests	2,999	2,322	8,792	1,086	(25)	954	422	981	(2,284)	15,247
Profit from discontinued operations before income tax	-	-	-	-	443	-	-	-	-	443
Income tax	-	-	-	-	(89)	-	-	-	-	(89)
Profit before non-controlling interest	2,999	2,322	8,792	1,086	329	954	422	981	(2,284)	15,601

(Unit: Million Baht)

For the year ended 31 December 2012

	Banking business								Eliminations	Consolidated
	Retail	Treasury &	Securities	Life	Non-life	Asset	Other			
		Corporate		Investment	insurance	insurance		management		
	and SME	and others	business	business	business	business	business			
Net interest income	17,345	3,658	(43)	190	496	187	359	941	47	23,180
Net insurance income	-	-	-	-	(41)	1,251	-	-	937	2,147
Other operating income	4,906	919	5,077	1,740	(46)	88	214	654	(4,813)	8,739
Other operating expenses	(15,612)	(2,010)	(1,900)	(1,177)	(95)	(676)	(182)	(507)	500	(21,659)
Impairment loss of loans and debt securities	(2,940)	(1,746)	6	21	-	-	1,810	(42)	(89)	(2,980)
Profit before income tax	3,699	821	3,140	774	314	850	2,201	1,046	(3,418)	9,427
Income tax	(851)	(189)	235	(171)	(100)	(234)	(531)	(245)	10	(2,076)
Profit from continuing operations before non-controlling interests	2,848	632	3,375	603	214	616	1,670	801	(3,408)	7,351
Profit from discontinued operations before income tax	-	-	-	-	1,625	-	-	-	-	1,625
Income tax	-	-	-	-	(413)	-	-	-	-	(413)
Profit before non-controlling interest	2,848	632	3,375	603	1,426	616	1,670	801	(3,408)	8,563

Assets for segment of the Bank and its subsidiaries as at 31 December 2013 and 2012 are as follows:

(Unit: Million Baht)

	Banking business								Eliminations	Consolidated
	Retail	Treasury &	Securities	Life	Non-life	Asset	Other			
		Corporate		Investment	insurance	insurance		management		
	and SME	and others	business	business	business	business	business			
Asset for segment										
As at 31 December 2013	521,044	249,730	219,950	7,121	11,399	9,896	9,116	30,021	(19,928)	1,038,349
As at 31 December 2012	484,345	255,028	213,836	7,293	41,015	9,228	10,163	22,481	(24,769)	1,018,620

43.3 Major customers

For the year 2013 and 2012, the Bank and its subsidiaries have no major customer with revenue of 10 percent or more of an entity's revenues.

44. Encumbrance of assets

As at 31 December 2013 and 2012, the Bank and its subsidiaries have the assets, which are subject to restriction, presented at book value as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Interbank and money market items (assets)				
Guarantee placed with the registrar	1,950	1,950	-	-
Placed with court for stay of execution	8	7	-	-
Investment in securities				
Guarantee placed with commercial banks	-	5,985	-	5,985
Guarantee placed with the registrar	1,783	6,379	-	-
Placed with court for stay of execution	384	22	297	22
Property foreclosed				
Immovable assets subject to buyback				
options or first refusal rights	352	640	259	535
Immovable assets subject to purchase or sell				
agreements with clients but currently being				
settled in installments or through transfer of				
ownership	629	487	147	440
	<u>5,106</u>	<u>15,470</u>	<u>703</u>	<u>6,982</u>

45. Commitments and contingent liabilities

As at 31 December 2013 and 2012, significant commitments and contingent liabilities consisted of:

45.1 Commitments

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Aval to bills	665	554	665	554
Liability under unmatured import bills	646	885	646	885
Letter of credits	4,067	3,183	4,067	3,183
Other obligations				
Committed (but not draw) overdraft	27,984	28,249	27,984	28,249
Others	23,310	25,957	23,256	25,925
Total	56,672	58,828	56,618	58,796

In addition, the Bank and its subsidiaries have commitments in respect of foreign exchange contracts, cross currency and interest rate swap contracts, interest rate swap contracts, and gold futures contracts, as mentioned in Note 8 to the financial statements.

45.2 As at 31 December 2013, the Bank and its subsidiaries have commitments to pay the service fees in relation to property foreclosed, computer system services and other services, including commitments in respect of office rental and related service fees under long-term contracts, as follow:

(Unit: Million Baht)

Year	Consolidated		Separate	
	financial statements		financial statements	
	Other parties	Parent company	Other parties	Parent company
2014	1,890	19	1,800	18
2015	1,322	1	1,232	1
2016 onward	2,249	-	2,206	-

In addition, the Bank has obligations to pay an administrative fee to a subsidiary company, determined at actual cost plus a margin, for the period stipulated in the agreement.

45.3 Commitments of SCIB from transfer of business from Bangkok Metropolitan Bank Public Company Limited and transfer of non-performing assets to Sukhumvit Asset Management Company Limited

SCIB entered into a business transfer agreement with Bangkok Metropolitan Bank Plc. (“BMB”), effective from 1 April 2002, and transferred its assets and those of BMB to Petchburi Asset Management Co., Ltd. (“PAM”), before they were transferred to Sukhumvit Asset Management Co., Ltd. (“SAM”). Subsequently, SCIB transferred its entire business, including commitments and agreements with PAM and SAM, to Thanachart Bank, effective from 1 October 2011. Thanachart Bank thus has commitments as a result of such transfer. However, the commitments of FIDF to SCIB have been transferred to/assumed by Thanachart Bank as the purchaser of SCIB’s shares from the Financial Institutions Development Fund (“FIDF”). As at 31 December 2013, outstanding obligations are summarised below.

- a) There was an outstanding difference of Baht 93 million, as a result of the transfer of assets to SAM. This comprised receivables awaiting collection and the difference is presented under the caption of “Differences as a result of assets transferred to SAM” in the statements of financial position. Such amounts mainly relate to transfers of guarantee claims, for which there are pending issues with regard to proof the rights of claim or the qualification of the assets transferred in accordance with the conditions set out in the transfer agreements. Such differences are now being examined and/or negotiated among Thanachart Bank, SAM and the FIDF for final resolution.

As at 31 December 2013, such differences consist of (i) Baht 10 million of transactions incurred directly by SCIB, for which full allowance for doubtful debts has been set aside, and (ii) Baht 83 million of transactions incurred by BMB. If losses arise on the latter and collection cannot be made from SAM, the FIDF will consider compensating for all losses. Thanachart Bank’s management believes that no significant further losses will arise.

- b) SAM is re-examining certain previously transferred assets (both of SCIB and BMB) in order to determine whether to transfer the assets back, to request price adjustments or to request settlement together with interest. The major pending issue relates to the proof of rights of claim over these assets.

As at 31 December 2013, the transferred assets which SAM is re-examining totaling Baht 136 million consist of (i) Baht 7 million of transactions incurred directly by SCIB, for which full allowance for doubtful loss has set aside under the caption of "Provision for liabilities" in the statements of financial position, and (ii) Baht 129 million of transactions incurred by BMB. If losses arise from (ii), Thanachart Bank will receive compensation for loss from FIDF and any adjusting transactions will be within the limit of the funds set aside by FIDF to compensate losses in such cases, amounting to approximately Baht 68 million. In addition, SAM is now negotiating with Thanachart Bank to request interest payment on the assets transferred back, or a price adjustment.

- c) Lawsuits in which SCIB is involved as a result of the transfer of business from BMB amounting to Baht 11,617 million, as disclosed under contingent liabilities in Note 46 to the financial statements.
- d) Outstanding letters of guarantee

The FIDF deposited an amount equal to the loss compensation limit with Thanachart Bank in the FIDF's account. Such deposit account is to compensate for losses incurred as a result of the transfer of business from BMB, if such losses are actually incurred due to the outstanding issues described in a), b), c) and d) above. As at 31 December 2013, the deposit account of the FIDF with Thanachart Bank to fund the payment of compensation for losses has an outstanding balance of approximately Baht 707 million. In addition, there is a memorandum of agreement concerning conditions for additional loss compensation if Thanachart Bank incurs losses in relation to the two lawsuits discussed in c), with claims totaling Baht 9,965 million.

However, Thanachart Bank and SAM had a meeting and mutually agreed a resolution to such pending issues. Thanachart Bank believes that no significant further losses will be incurred, other than losses for which it has already set aside full allowance for doubtful debts and/or amount that will compensate by FIDF.

45.4 Commitments arising from sale of ordinary shares of Siam City Securities

As a result of the sale of all ordinary shares of Siam City Securities in August 2011, SCIB is obligated to pay compensation to indemnify the buyer from pending lawsuits including litigation in which Siam City Securities is pursuing collection of debt amounts and/or future litigation which made claims against its debtor that arose before the disposal date of such shares. Moreover, SCIB undertakes to compensate the buyer for any expenses incurred whenever the buyer or Siam City Securities provide SCIB with written notification of reasons for such compensation, together with evidence, for up to 3 years from the share transfer date. Such commitment of SCIB has transferred to Thanachart Bank at the date of the entire business transfer. However, Thanachart Bank's management believes that no further losses will be incurred.

46. Litigation

As at 31 December 2013, the Bank and its subsidiaries have contingent liabilities amounting to approximately Baht 14,806 million (separate financial statements: Baht 14,435 million) in respect of litigation. However, the Bank and its subsidiaries' management have already made certain provisions for contingent losses, and for the remaining portion the management believes that no losses will result and therefore no liabilities are currently recorded.

Part of the contingent liabilities for litigation mentioned above, amounting to Baht 11,617 million, relates to lawsuits involving the Bank as a result of the transfer of business from BMB to SCIB, and the Bank is entitled to compensation for actual losses incurred if such losses are in accordance with the conditions agreed with the FIDF (Baht 9,586 million of this amount relates to a single case brought by a debtor that BMB had already transferred to SAM before SCIB received the transfer of business from BMB, and the Bank believes that the lawsuit has been brought against the wrong party, and is not SCIB's or the Bank's responsibility).

In addition, SCIB was requested to make restitution as a result of a person forging SCIB's documents and using such counterfeit documents. However, SCIB has already filed a complaint against the person who produced and used the counterfeit documents so as to proceed with a legal action. The court has already ordered the transfer of all cases to the Bank. The Bank's management believes that no liability will arise from such restitution claim.

47. Letter of guarantees

As at 31 December 2013, the Bank and its subsidiaries had letter of guarantees issued by banks on behalf of the Bank and its subsidiaries, amounting approximately Baht 33 million, placed for electricity usage of the branches (separate financial statements: Baht 33 million).

48. Disposal of investment in a subsidiary company / Discontinued operations - Investment in Thanachart Life Assurance Plc.

On 5 November 2012, the Bank signed a Share Purchase Agreement with Prudential Life Insurance (Thailand) Plc. ("the Buyer") to sell the common shares of Thanachart Life Assurance Public Company Limited ("Thanachart Life Assurance") held by the Bank, which represented 100% of the total issued and paid-up capital. The value of the transaction was Baht 17,500 million, with a post-completion adjustment to be made based on agreed terms to reflect the net asset value as at the completion date. A further payment of Baht 500 million is also due in 12 months after the completion date. Under this agreement, the share payment and transfer will occur after the Buyer receives an approval from the Office of Insurance Commission ("OIC") and both parties sign the Exclusive Bancassurance Agreement. The transaction will be recognised when the transfer of the shares and related payment are complete.

On 29 March 2013, the Buyer received an approval from the Office of Insurance Commission (“OIC”) to acquire more than 10% of the issued and paid up shares of Thanachart Life Assurance for the purpose of the business combination, which was an important condition in the agreement. On 3 May 2013, the Share Purchase Agreement became legally effective as both parties fulfilled the conditions stated in the agreement, including the conclusion of an Exclusive Bancassurance Agreement between Thanachart Bank and Prudential Life Insurance, which will be effective for a period of 15 years. The Bank transferred 328,500,000 shares of Thanachart Life Assurance Plc., representing 100% of shares, and received payment for the shares in the amount of Baht 17,500 million in accordance with the agreement. A post-completion adjustment on the net asset value of Thanachart Life Assurance as at the completion date amounting to Baht 940 million was recognised as a part of this transaction and payment of this amount was received in July 2013. During the year, the Bank therefore recognised the transaction and allocated the full selling price of investment between the value of the shares and the service to be provided by the Bank under the Exclusive Bancassurance Agreement, based on the estimated fair value of shares as determined by the Bank’s management and other factors. Gain on disposal of Baht 12,216 million in the consolidated financial statements and Baht 13,128 million in the separate financial statements were recognised in the statement of comprehensive income for the year 2013.

In addition, the Bank is to receive a further payment amounting to Baht 500 million for granting the right to use Thanachart logo. The further payment is due in 12 months after the date the payment was made for the shares. The Bank amortises the amount to income over the period.

According to the Bancassurance agreement, the Bank is to recognise such allocated income throughout the period as specified in the agreement and to present such allocated service fee as a part of “Other liabilities - income received in advance”. In addition, the Bank has to comply with the terms and conditions as specified in such agreement.

Therefore, to comply with the requirements of accounting standards, the operating results of Thanachart Life Assurance Plc. were separately presented under “Profit for the year from discontinued operations” and “Other comprehensive income from discontinued operations” in the consolidated statement of comprehensive income for the year 2013, and that of 2012 for comparative purposes. The details are as follows.

	(Unit: Million Baht)	
	For the years ended	
	31 December	
	2013 ⁽¹⁾	2012
<u>Consolidated statements of comprehensive income</u>		
Profit or loss		
Interest income	358	939
Fees and service expenses	(1)	(3)
Gains on investments	17	136
Life insurance income	3,644	9,936
Dividend income	4	51
Other operating income	3	1
Total operating income	4,025	11,060
Insurance expenses	(3,452)	(9,061)
Net operating income	573	1,999
Other operating expenses		
Employee's expenses	49	116
Premises and equipment expenses	21	67
Taxes and duties	11	28
Other expenses	49	163
Total other operating expenses	130	374
Profit before income tax	443	1,625
Income tax	(89)	(413)
Profit for the year from discontinued operations	354	1,212
Other comprehensive income		
Gains (losses) on changes in value of available-for-sale investments	(147)	(450)
Income tax relating to components of other comprehensive income	28	109
Other comprehensive income from discontinued operations (loss)	(119)	(341)
Total comprehensive income	235	871

(1) The operating results of Thanachart Life Assurance Plc. since 1 January 2013 to the date of disposal of the investment

Changes of operating assets and operating liabilities of Thanachart Life Assurance Plc. which included in consolidated cash flows statements for the years ended 31 December 2013 and 2012 are as follows.

	(Unit: Million Baht)	
	2013 ⁽¹⁾	2012
Operating assets (increase) decrease		
- Interbank and money market items	538	(2,717)
- Investment - net	(2,862)	(3,020)
- Other assets	16	(64)
- Others	44	688
	<u>(2,264)</u>	<u>(5,113)</u>
Operating liabilities increase (decrease)		
- Insurance contract liabilities	706	3,625
- Income tax payable	115	147
- Payable from purchase and sale of securities	959	-
- Other liabilities	115	63
- Others	(17)	21
	<u>1,878</u>	<u>3,856</u>

(1) Cash flows information of Thanachart Life Assurance since 1 January 2013 to the date of disposal of the investment

Cash flow information of Thanachart Life Assurance Plc. for the years ended 31 December 2013 and 2012 is as follows:

	(Unit: Million Baht)	
	2013 ⁽¹⁾	2012
Cash flows from (used in) operating activities	2,819	2,895
Cash flows from (used in) investing activities	(2,819)	(2,895)

(1) Cash flows information of Thanachart Life Assurance Plc. since 1 January 2013 to the date of disposal of the investment

49. Financial instruments

Financial instruments are any contracts which give rise to both a financial assets of one enterprise and a financial liability or equity instruments of another enterprise.

49.1 Credit risk

Credit risk is the risk that the party to a financial instrument will fail to fulfill an obligation, causing the Bank and its subsidiaries to incur a financial loss. The amount of maximum credit risk exposure is the carrying amount of the financial assets less provision for losses as stated in the statements of financial position and the risk of commitments from avals, guarantees of loans, other guarantees and derivative contracts.

In addition, the Bank and its subsidiaries manage credit risk by the means of careful consideration of credit approval process, analysis of risk factors and, the ability to service debt of customers, and a credit review process, which examines and reviews the quality of the loan portfolio so as to prevent and provide a remedy for problem loans in the future.

49.2 Market risk

Market risk is the risk that changes in interest rates, foreign exchange rates and securities prices may have an effect on the Bank and its subsidiaries' foreign currency position and investment status. As such, market risk consists of interest rate risk, foreign exchange risk and equity/commodity position risk.

a) Interest rate risk

Interest rate risk is the risk that the value of financial instrument will fluctuate as a result of changes in market interest rates.

The Bank and its subsidiaries manage the changes in interest rate risk by means of an appropriate structuring of holdings in assets and liabilities with different repricing dates, taking into account the direction of market interest rates, in order to generate a suitable yield while maintaining risk at acceptable levels. Such management is under the supervision of the Asset and Liabilities Management Committee.

As at 31 December 2013 and 2012, financial assets and liabilities classified by types of interest rate are as follows:

(Unit: Million Baht)

Transactions	Consolidated financial statements			
	2013			
	Floating interest rate	Fixed interest rate	Non- interest bearing	Total
Financial assets				
Cash	-	-	17,940	17,940
Interbank and money market items	951	59,237	9,673	69,861
Derivatives assets	-	-	3,914	3,914
Investments	2	133,322	4,930	138,254
Investments in associated companies	-	-	1,835	1,835
Loans to customers ⁽¹⁾	325,621	463,835	561	790,017
Receivable from purchase and sale of securities	-	-	1,646	1,646
Other assets - receivable from clearing house	-	-	170	170
Financial liabilities				
Deposits	245,172	467,054	6,853	719,079
Interbank and money market items	9,802	69,731	1,549	81,082
Liabilities payable on demand	-	-	3,219	3,219
Derivatives liabilities	-	-	5,701	5,701
Debt issued and borrowings	4	92,225	-	92,229
Payable from purchase and sale of securities	-	-	1,295	1,295
Other liabilities - payable to clearing house	-	-	509	509

(1) The outstanding balances of loans to customers which have floating interest rates or fixed interest rates include loans on which interest recognition is discontinued

(Unit: Million Baht)

Consolidated financial statements				
2012				
Transactions	Floating interest rate	Fixed interest rate	Non- interest bearing	Total
<u>Financial assets</u>				
Cash	-	-	15,181	15,181
Interbank and money market items	2,216	60,172	9,534	71,922
Derivatives assets	-	-	2,177	2,177
Investments	5	132,909	11,792	144,706
Investments in associated companies	-	-	1,576	1,576
Loans to customers ⁽¹⁾	328,852	424,842	369	754,063
Receivable from purchase and sale of securities	-	-	2,103	2,103
Other assets - receivable from clearing house	-	-	944	944
<u>Financial liabilities</u>				
Deposits	244,810	446,617	6,945	698,372
Interbank and money market items	7,791	77,753	2,233	87,777
Liabilities payable on demand	-	-	4,989	4,989
Derivatives liabilities	-	-	1,206	1,206
Debt issued and borrowings	4	78,104	41	78,149
Payable from purchase and sale of securities	-	-	2,874	2,874
Other liabilities - payable to clearing house	-	-	126	126

(1) The outstanding balances of loans to customers which have floating interest rates or fixed interest rates include loans on which interest recognition is discontinued

(Unit: Million Baht)

Transactions	Separate financial statements			
	2013			
	Floating interest rate	Fixed interest rate	Non- interest bearing	Total
<u>Financial assets</u>				
Cash	-	-	17,939	17,939
Interbank and money market items	782	55,892	9,612	66,286
Derivatives assets	-	-	3,914	3,914
Investments	2	120,685	4,775	125,462
Investments in subsidiary and associated companies	-	-	9,510	9,510
Loans to customers ⁽¹⁾	314,056	435,927	511	750,494
<u>Financial liabilities</u>				
Deposits	245,656	469,715	6,891	722,262
Interbank and money market items	9,441	63,445	1,563	74,449
Liabilities payable on demand	-	-	3,219	3,219
Derivatives liabilities	-	-	5,697	5,697
Debt issued and borrowings	4	76,919	-	76,923
Payable from purchase and sale of securities	-	-	1	1

(1) The outstanding balances of loans to customers which have floating interest rates or fixed interest rates include loans on which interest recognition is discontinued

(Unit: Million Baht)

Transactions	Separate financial statements			
	2012			
	Floating interest rate	Fixed interest rate	Non- interest bearing	Total
Financial assets				
Cash	-	-	15,180	15,180
Interbank and money market items	1,683	54,929	9,349	65,961
Derivatives assets	-	-	2,177	2,177
Investments	5	95,447	10,556	106,008
Investments in subsidiary and associated companies	-	-	13,759	13,759
Loans to customers ⁽¹⁾	317,792	404,952	279	723,023
Receivable from purchase and sale of securities	-	-	3	3
Financial liabilities				
Deposits	245,414	448,878	6,990	701,282
Interbank and money market items	7,490	72,316	2,278	82,084
Liabilities payable on demand	-	-	4,989	4,989
Derivatives liabilities	-	-	1,202	1,202
Debt issued and borrowings	4	68,351	41	68,396
Payable from purchase and sale of securities	-	-	11	11

(1) The outstanding balances of loans to customers which have floating interest rates or fixed interest rates include loans on which interest recognition is discontinued

With respect to financial instruments that carry fixed interest rates, the periods from the financial position date to the repricing or maturity date (whichever is the earlier) are presented below:

(Unit: Million Baht)

Transactions	Consolidated financial statements						Weighted average interest rates Percent
	2013						
	At call	Repricing or maturity date				Total	
		0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
Financial assets							
Interbank and money market items	22	48,127	11,088	-	-	59,237	3.21 - 3.58
Investments	-	1,755	27,513	85,381	18,673	133,322	3.32 - 4.93
Loans to customers	6,394	17,918	11,604	312,602	115,317	463,835	7.70 - 8.95
Financial liabilities							
Deposits	31	222,425	221,391	23,207	-	467,054	3.02
Interbank and money market items	1,275	43,400	18,620	6,436	-	69,731	1.73 - 3.62
Debt issued and borrowings	1,061	23,265	20,100	35,283	12,516	92,225	4.65 - 4.96

(Unit: Million Baht)

Consolidated financial statements							
2012							
Transactions	At call	Repricing or maturity date				Total	Weighted average interest rates Percent
		0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
Financial assets							
Interbank and money market items	-	52,667	3,045	4,460	-	60,172	3.14 - 3.92
Investments	-	7,561	33,576	67,930	23,842	132,909	3.50 - 3.57
Loans to customers	5,807	21,258	11,171	264,373	122,233	424,842	7.81 - 8.92
Financial liabilities							
Deposits	71	268,497	170,514	7,535	-	446,617	3.23
Interbank and money market items	3,145	61,062	5,117	8,429	-	77,753	2.23 - 3.77
Debt issued and borrowings	1	15,855	12,140	37,592	12,516	78,104	4.67 - 4.99

(Unit: Million Baht)

Separate financial statements							
2013							
Transactions	At call	Repricing or maturity date				Total	Weighted average interest rates Percent
		0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
Financial assets							
Interbank and money market items	572	46,863	8,457	-	-	55,892	3.21
Investments	-	1,470	26,509	82,502	10,204	120,685	3.32
Loans to customers	6,140	17,854	10,625	286,166	115,142	435,927	7.70
Financial liabilities							
Deposits	31	223,424	223,053	23,207	-	469,715	3.02
Interbank and money market items	495	44,433	13,632	4,885	-	63,445	1.81
Debt issued and borrowings	1	23,265	18,100	23,037	12,516	76,919	4.65

(Unit: Million Baht)

Separate financial statements							
2012							
Transactions	At call	Repricing or maturity date				Total	Weighted average interest rates Percent
		0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
Financial assets							
Interbank and money market items	200	52,036	2,693	-	-	54,929	3.14
Investments	-	4,800	27,866	59,533	3,248	95,447	3.50
Loans to customers	5,638	21,151	10,544	245,657	121,962	404,952	7.81
Financial liabilities							
Deposits	71	268,567	172,705	7,535	-	448,878	3.23
Interbank and money market items	2,645	56,847	5,268	7,556	-	72,316	2.26
Debt issued and borrowings	1	15,855	11,387	28,592	12,516	68,351	5.01

In addition, the average balances of the financial assets and liabilities of the Bank and its subsidiaries generating revenues and expenses, calculated based on the average balances outstanding during the year, and the average interest rate for the years ended 31 December 2013 and 2012 can be summarised as follows:

(Unit: Million Baht)

	Consolidated financial statements					
	For the years ended 31 December					
	2013			2012		
	Average balances	Interest	Average rate (%)	Average balances	Interest	Average rate (%)
<u>Interest bearings financial assets</u>						
Interbank and money market items	50,316	1,865	3.71	58,855	2,294	3.90
Investments and trading operations	13,126	457	3.48	15,028	480	3.19
Investment in debt securities	107,971	3,867	3.58	95,676	3,606	3.77
Loans to customers/hire purchase and finance leases	756,613	47,698	6.30	660,148	42,356	6.42
<u>Interest bearings financial liabilities</u>						
Deposits	695,558	21,460	3.09	556,234	17,543	3.15
Interbank and money market items	76,464	1,463	1.91	68,068	1,564	2.30
Debt issued and borrowings	90,814	4,311	4.75	149,190	6,449	4.32

(Unit: Million Baht)

	Separate financial statements					
	For the years ended 31 December					
	2013			2012		
	Average balances	Interest	Average rate (%)	Average balances	Interest	Average rate (%)
<u>Interest bearings financial assets</u>						
Interbank and money market items	46,522	1,738	3.74	55,389	2,229	4.02
Investments and trading operations	3,858	69	1.79	5,227	68	1.30
Investment in debt securities	104,006	3,722	3.58	91,726	3,418	3.73
Loans to customers/hire purchase and finance leases	720,855	45,020	6.25	635,886	40,616	6.39
<u>Interest bearings financial liabilities</u>						
Deposits	698,073	21,513	3.08	566,986	17,707	3.12
Interbank and money market items	68,666	1,261	1.84	64,837	1,472	2.27
Debt issued and borrowings	78,938	3,715	4.71	144,495	6,192	4.29

b) Foreign exchange risk

Foreign exchange risk is the risk that changes in foreign exchange rates may result in changes in the value of financial instruments, and fluctuations in revenues or the values of financial assets and liabilities.

Since the Bank and its subsidiaries have foreign exchange transactions, it may be exposed to foreign exchange risk. However, the Bank and its subsidiaries have a policy to mitigate this foreign exchange exposure through management of its net exchange position and operation in accordance with a risk management policy which has been approved by their Board of Directors and is in strict accordance with BOT guidelines.

The status of the Bank and its subsidiaries' foreign currency balances as at 31 December 2013 and 2012 can be summarised as follows:

(Unit: Million Baht)

	Consolidated financial statements				
	2013				
	US Dollar	Euro	Yen	Yuan	Others
<u>Foreign currency in the statement of financial position</u>					
Cash	1,303	586	62	3	475
Interbank and money market items	11,409	34	63	545	101
Investments	10,638	1	-	2,921	1,170
Loans to customers	22,824	137	112	-	50
Other assets	1,123	-	-	13	1
Total assets	47,297	758	237	3,482	1,797
Deposits	384	45	-	-	20
Interbank and money market items	22,319	4	-	-	-
Other liabilities	10	-	-	-	-
Total liabilities	22,713	49	-	-	20
Net	24,584	709	237	3,482	1,777
<u>Foreign currency commitments</u>					
Liability under unmatured import bills	466	29	102	-	7
Letter of credits	3,605	39	292	-	53
Others	901	52	1	-	47

(Unit: Million Baht)

	Consolidated financial statements				
	2012				
	US Dollar	Euro	Yen	Yuan	Others
<u>Foreign currency in the statement of financial position</u>					
Cash	520	350	62	2	228
Interbank and money market items	15,930	50	77	4	236
Investments	10,187	607	1,312	-	38
Loans to customers	22,952	167	494	-	74
Other assets	205	-	6	-	-
Total assets	49,794	1,174	1,951	6	576
Deposits	143	36	-	-	113
Interbank and money market items	15,340	-	-	-	-
Total liabilities	15,483	36	-	-	113
Net	34,311	1,138	1,951	6	463
<u>Foreign currency commitments</u>					
Liability under unmatured import bills	314	23	159	-	7
Letter of credits	2,638	129	355	-	13
Others	814	47	5	-	16

(Unit: Million Baht)

	Separate financial statements				
	2013				
	US Dollar	Euro	Yen	Yuan	Others
<u>Foreign currency in the statement of financial position</u>					
Cash	1,303	586	62	3	475
Interbank and money market items	11,409	34	63	545	101
Investments	10,638	1	-	2,921	1,170
Loans to customers	22,824	137	112	-	50
Other assets	1,121	-	-	13	1
Total assets	47,295	758	237	3,482	1,797
Deposits	384	45	-	-	20
Interbank and money market items	22,319	4	-	-	-
Total liabilities	22,703	49	-	-	20
Net	24,592	709	237	3,482	1,777
<u>Foreign currency commitments</u>					
Liability under unmatured import bills	466	29	102	-	7
Letter of credits	3,605	39	292	-	53
Others	901	52	1	-	47

(Unit: Million Baht)

	Separate financial statements				
	2012				
	US Dollar	Euro	Yen	Yuan	Others
<u>Foreign currency in the statement of financial position</u>					
Cash	520	350	62	2	228
Interbank and money market items	15,930	50	77	4	236
Investments	10,187	607	1,312	-	38
Loans to customers	22,952	167	494	-	74
Other assets	205	-	6	-	-
Total assets	49,794	1,174	1,951	6	576
Deposits	143	36	-	-	113
Interbank and money market items	15,340	-	-	-	-
Total liabilities	15,483	36	-	-	113
Net	34,311	1,138	1,951	6	463
<u>Foreign currency commitments</u>					
Liability under unmatured import bills	314	23	159	-	7
Letter of credits	2,638	129	355	-	13
Others	814	47	5	-	16

In addition, the Bank and its subsidiaries have commitments from foreign currency exchange contracts, cross currency and interest rate swap contracts, interest rate swap contracts and other derivative contracts which have to pay or receive repayment in foreign currency that the Bank and its subsidiaries made for trading transactions or hedging transactions (banking book) as follow:

(Unit: Million Baht)

	Consolidated financial statements				
	2013				
	US Dollar	Euro	Yen	Yuan	Others
Foreign exchange contracts					
- Bought	41,331	144	133	-	334
- Sold	53,266	889	375	3,546	970
Cross currency and interest rate swap contracts					
- Bought	1,885	-	-	-	-
- Sold	12,451	-	-	-	1,140
Interest rate swap contracts					
- Bought	40,990	-	-	-	-
- Sold	40,990	-	-	-	-

(Unit: Million Baht)

Consolidated financial statements					
2012					
US Dollar	Euro	Yen	Yuan	Others	
Foreign exchange contracts					
- Bought	39,587	245	375	-	222
- Sold	63,801	817	978	8	678
Cross currency and interest rate swap contracts					
- Bought	487	-	-	-	-
- Sold	9,830	608	1,312	-	-
Interest rate swap contracts					
- Bought	6,818	-	-	-	-
- Sold	6,818	-	-	-	-

(Unit: Million Baht)

Separate financial statements					
2013					
US Dollar	Euro	Yen	Yuan	Others	
Foreign exchange contracts					
- Bought	41,067	144	133	-	334
- Sold	53,531	889	375	3,546	970
Cross currency and interest rate swap contracts					
- Bought	1,885	-	-	-	-
- Sold	12,451	-	-	-	1,140
Interest rate swap contracts					
- Bought	40,990	-	-	-	-
- Sold	40,990	-	-	-	-

(Unit: Million Baht)

Separate financial statements					
2012					
US Dollar	Euro	Yen	Yuan	Others	
Foreign exchange contracts					
- Bought	39,565	245	375	-	222
- Sold	63,841	817	978	8	678
Cross currency and interest rate swap contracts					
- Bought	487	-	-	-	-
- Sold	9,830	608	1,312	-	-
Interest rate swap contracts					
- Bought	6,818	-	-	-	-
- Sold	6,818	-	-	-	-

c) Equity position risk/commodity risk

Equity position risk/commodity risk is the risk that changes in the market prices of equity securities/commodity which will result in fluctuations in revenue and the value of financial assets.

The Bank and its subsidiaries have a policy to manage market risk by setting manageable limits on transactions, such as position limit and loss limits. The Risk Control Unit, which is separated from front office and back office functions, is responsible for control of risk and reporting on compliance with the various limits to the Board of Directors, related business unit and related management, in order to facilitate responsive risk management, under the supervision of the Investment Portfolio Committee.

49.3 Liquidity risk

Liquidity risk is the risk that the Bank and its subsidiaries will be unable to liquidate their financial assets and/or procure sufficient funds to discharge their obligations in a timely manner, resulting in the Bank and its subsidiaries incurring a financial loss.

The Bank and its subsidiaries manage liquidity risk by means of appropriate structuring of short-term and long-term sources of capital. In addition, the Bank and its subsidiaries have a policy to maintain liquidity to ensure that it has sufficient liquidity to meet both present and future requirements, under the supervision of the Asset and Liability Management Committee.

Counting from the financial position date, the periods to maturity of financial instruments held as at 31 December 2013 and 2012 are as follows:

(Unit: Million Baht)

Transactions	Consolidated financial statements				
	2013				
	At call	Less than 1 year	Over 1 year	Unspecified	Total
<u>Financial assets</u>					
Cash	17,940	-	-	-	17,940
Interbank and money market items	10,233	59,508	120	-	69,861
Derivatives assets	-	3,914	-	-	3,914
Investments	1	37,792	95,618	4,843	138,254
Investments in associated companies	-	-	-	1,835	1,835
Loans to customers ⁽¹⁾	62,562	224,489	502,966	-	790,017
Receivable from purchase and sale of securities	-	1,646	-	-	1,646
Other assets - receivable from clearing house	-	170	-	-	170
<u>Financial liabilities</u>					
Deposits	248,085	443,392	27,602	-	719,079
Interbank and money market items	12,403	62,131	6,548	-	81,082
Liability payable on demand	3,219	-	-	-	3,219
Derivatives liabilities	-	5,701	-	-	5,701
Debt issued and borrowings	1,065	31,235	52,799	7,130	92,229
Payable from purchase and sale of securities	-	1,295	-	-	1,295
Other liabilities - payable to clearing house	-	509	-	-	509
<u>Commitments</u>					
Aval to bill	15	571	79	-	665
Liability under unmatured import bills	42	604	-	-	646
Letter of credits	326	3,741	-	-	4,067
Other commitments	43,886	4,959	2,449	-	51,294

(1) The outstanding balances of loans to customers at call included loans for which revenue recognition has been discontinued.

(Unit: Million Baht)

Consolidated financial statements

Transactions	2012				
	At call	Less than 1 year	Over 1 year	Unspecified	Total
Financial assets					
Cash	15,181	-	-	-	15,181
Interbank and money market items	11,817	56,895	3,210	-	71,922
Derivatives assets	-	2,177	-	-	2,177
Investments	-	48,072	86,067	10,567	144,706
Investments in associated companies	-	-	-	1,576	1,576
Loans to customers ⁽¹⁾	50,395	225,527	478,141	-	754,063
Receivable from purchase and sale of securities	-	2,103	-	-	2,103
Other assets - receivable from clearing house	-	944	-	-	944
Financial liabilities					
Deposits	248,014	441,579	8,779	-	698,372
Interbank and money market items	12,889	66,081	8,807	-	87,777
Liability payable on demand	4,989	-	-	-	4,989
Derivatives liabilities	-	1,206	-	-	1,206
Debt issued and borrowings	46	20,865	50,108	7,130	78,149
Payable from purchase and sale of securities	-	2,874	-	-	2,874
Other liabilities - payable to clearing house	-	126	-	-	126
Commitments					
Aval to bill	11	429	114	-	554
Liability under unmatured import bills	450	435	-	-	885
Letter of credits	258	2,925	-	-	3,183
Other commitments	43,578	8,179	2,448	2	54,207

(1) The outstanding balances of loans to customers at call included loans for which revenue recognition has been discontinued.

(Unit: Million Baht)

Separate financial statements					
2013					
Transactions	At call	Less than 1 year	Over 1 year	Unspecified	Total
<u>Financial assets</u>					
Cash	17,939	-	-	-	17,939
Interbank and money market items	10,552	55,614	120	-	66,286
Derivatives assets	-	3,914	-	-	3,914
Investments	1	28,024	92,748	4,689	125,462
Investments in subsidiary and associated companies	-	-	-	9,510	9,510
Loans to customers ⁽¹⁾	52,722	223,279	474,493	-	750,494
<u>Financial liabilities</u>					
Deposits	248,608	446,052	27,602	-	722,262
Interbank and money market items	11,499	58,064	4,886	-	74,449
Liability payable on demand	3,219	-	-	-	3,219
Derivatives liabilities	-	5,697	-	-	5,697
Debt issued and borrowings	5	29,235	40,553	7,130	76,923
Payable from purchase and sale of securities	-	1	-	-	1
<u>Commitments</u>					
Aval to bill	15	571	79	-	665
Liability under unmatured import bills	42	604	-	-	646
Letter of credits	326	3,741	-	-	4,067
Other commitments	43,886	4,959	2,395	-	51,240

(1) The outstanding balances of loans to customers at call included loans for which revenue recognition has been discontinued.

(Unit: Million Baht)

Separate financial statements					
2012					
Transactions	At call	Less than 1 year	Over 1 year	Unspecified	Total
<u>Financial assets</u>					
Cash	15,180	-	-	-	15,180
Interbank and money market items	10,049	55,912	-	-	65,961
Derivatives assets	-	2,177	-	-	2,177
Investments	-	29,910	66,416	9,682	106,008
Investments in subsidiary and associated companies	-	-	-	13,759	13,759
Loans to customers ⁽¹⁾	41,276	224,540	457,207	-	723,023
Receivable from purchase and sale of securities	-	3	-	-	3
<u>Financial liabilities</u>					
Deposits	248,663	443,840	8,779	-	701,282
Interbank and money market items	12,414	62,114	7,556	-	82,084
Liability payable on demand	4,989	-	-	-	4,989
Derivatives liabilities	-	1,202	-	-	1,202
Debt issued and borrowings	46	20,112	41,108	7,130	68,396
Payable from purchase and sale of securities	-	11	-	-	11
<u>Commitments</u>					
Aval to bill	11	429	114	-	554
Liability under unmatured import bills	450	435	-	-	885
Letter of credits	258	2,925	-	-	3,183
Other commitments	43,578	8,179	2,415	2	54,174

(1) The outstanding balances of loans to customers at call included loans for which revenue recognition has been discontinued.

49.4 Fair value

Fair value represents the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The Bank and its subsidiaries have estimated the fair value of financial instruments as follows:

a) Financial assets

The method used for determining the fair value depends upon the characteristics of the financial instruments. The fair values of most financial assets are presented at the amount stated in the statement of financial position, including cash, interbank and money market items, derivatives assets, receivable from purchase and sale of securities, receivables from clearing house and loans. These financial assets have their fair value approximate to their respective carrying value since the values of these financial instruments are predominantly subject to market interest rates. Financial instruments with standard terms and conditions which are traded on an active and liquid market, such as investments, have their fair values determined by the quoted market price. Investment in subsidiary and associated companies are stated at the book value.

b) Financial liabilities

The fair values of financial liabilities, including deposits, interbank and money market items, liabilities payable on demand, derivatives liabilities, debt issued and borrowings, payable from purchase and sale of securities, and payable to clearing house, are considered to approximate their respective carrying values for the same reasons as described above.

As at 31 December 2013 and 2012, the book value and fair value of financial instruments of the Bank and its subsidiaries are as follow.

(Unit: Million Baht)

	Consolidated financial statements			
	2013		2012	
	Book value	Fair value	Book value	Fair value
<u>Financial assets</u>				
Cash	17,940	17,940	15,181	15,181
Interbank and money market items - net	69,697	69,697	71,963	71,963
Derivatives assets	3,914	3,914	2,177	2,177
Investments - net	138,825	139,142	146,106	146,916
Investments in associated companies	1,835	1,835	1,576	1,576
Loans to customers - net	760,943	760,943	731,010	731,010
Receivables from purchase and sale of securities	1,646	1,646	2,103	2,103
Other assets - receivable from clearing house	170	170	944	944
<u>Financial liabilities</u>				
Deposits	719,079	719,079	698,372	698,372
Interbank and money market items	81,082	81,082	87,777	87,777
Liabilities payable on demand	3,219	3,219	4,989	4,989
Derivatives liabilities	5,701	5,701	1,206	1,206
Debt issued and borrowings	92,229	92,229	78,149	78,149
Payable from purchase and sale of securities	1,295	1,295	2,874	2,874
Other liabilities - payable to clearing house	509	509	126	126

(Unit: Million Baht)

	Separate financial statements			
	2013		2012	
	Book value	Fair value	Book value	Fair value
<u>Financial assets</u>				
Cash	17,939	17,939	15,180	15,180
Interbank and money market items - net	66,095	66,095	65,964	65,964
Derivatives assets	3,914	3,914	2,177	2,177
Investments - net	125,874	126,191	106,924	107,326
Investments in subsidiary and associated companies - net	9,505	9,505	13,754	13,754
Loans to customers	729,970	729,970	708,641	708,641
Receivables from purchase and sale of securities	-	-	3	3
<u>Financial liabilities</u>				
Deposits	722,262	722,262	701,282	701,282
Interbank and money market items	74,449	74,449	82,084	82,084
Liabilities payable on demand	3,219	3,219	4,989	4,989
Derivatives liabilities	5,697	5,697	1,202	1,202
Debt issued and borrowings	76,923	76,923	68,396	68,396
Payable from purchase and sale of securities	1	1	11	11

49.5 Financial derivatives

The Bank and its subsidiaries engage in financial derivatives activities as required in the normal course of their business to manage risk and to meet their clients' needs. These financial derivatives include foreign exchange contracts, cross currency and interest rate swap contracts, interest rate swap contracts, and commodity futures contracts.

The Bank and its subsidiaries have set a policy and limit to mitigate related risk, and require risk reporting for the various types of risk, as a control over financial derivative activities. The Bank and its subsidiaries manage the credit risk associated with financial derivatives on the basis of the credit limits granted to customers in general. The same credit approval process as used when granting loans to a customer is adopted for financial derivative customers, and so the Bank and its subsidiaries are able to maintain risk at acceptable levels.

As at 31 December 2013 and 2012, the Bank and its subsidiaries have financial derivatives for trading and hedging (banking book) as classified by their maturities as follows:

(Unit: Million Baht)

	Consolidated financial statements					
	2013			2012		
	Less than 1 year	Over 1 year	Total	Less than 1 year	Over 1 year	Total
Foreign exchange contracts						
- Bought	41,942	-	41,942	40,429	-	40,429
- Sold	59,046	-	59,046	66,282	-	66,282
Cross currency and interest rate swap contracts						
- Bought	217	1,668	1,885	-	487	487
- Sold	217	13,374	13,591	2,533	9,217	11,750
Interest rate swap contracts						
- Paid fixed interest rate	26,434	140,977	167,411	1,000	75,947	76,947
- Paid floating interest rate	14,229	125,190	139,419	1,000	49,407	50,407
- Received fixed interest rate	14,229	125,190	139,419	1,000	49,407	50,407
- Received floating interest rate	26,434	140,977	167,411	1,000	75,947	76,947
Future contracts						
- Sold	272	-	272	40	-	40
Derivative Warrants						
- Bought	9	-	9	-	-	-
- Sold	-	-	-	14	-	14

(Unit: Million Baht)

	Separate financial statements					
	2013			2012		
	Less than 1 year	Over 1 year	Total	Less than 1 year	Over 1 year	Total
Foreign exchange contracts						
- Bought	41,678	-	41,678	40,407	-	40,407
- Sold	59,311	-	59,311	66,322	-	66,322
Cross currency and interest rate swap contracts						
- Bought	217	1,668	1,885	-	487	487
- Sold	217	13,374	13,591	2,533	9,217	11,750
Interest rate swap contracts						
- Paid fixed interest rate	26,434	140,977	167,411	1,000	75,947	76,947
- Paid floating interest rate	14,229	125,190	139,419	1,000	49,407	50,407
- Received fixed interest rate	14,229	125,190	139,419	1,000	49,407	50,407
- Received floating interest rate	26,434	140,977	167,411	1,000	75,947	76,947

50. Events after the reporting period

On 20 February 2014, the Board of Directors of the Bank passed a resolution to propose the payment of a dividend of Baht 0.45 per share to the ordinary shareholders in respect of the operating results for the year 2013, or a total of Baht 2,481 million, to be considered by the Annual General Meeting of Shareholders.

51. Approval of financial statements

These financial statements were authorised for issue by the Bank's Board of Directors on 20 February 2014.